



# DECCAN GOLD MINES LIMITED

**ANNUAL REPORT 2018**

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## NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE** is hereby given that the Thirty Fourth (34th) Annual General Meeting of the Members of Deccan Gold Mines Limited (CIN:L51900MH1984PLC034662) ('the Company') will be held at Boundary Hall, 1st Floor, Mumbai Cricket Association Recreation Centre, RG-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400051 on Thursday, December 20, 2018 at 2.30 p.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - a. the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018 along with the Reports of the Board of Directors and Auditors thereon; and
  - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 along with the Reports of the Auditors thereon.

### SPECIAL BUSINESS:

2. **Re-appointment of Mr. Sandeep Lakhwara (DIN: 01049978) as Managing Director of the Company for the period from May 1, 2018 to April 30, 2019 and approve payment of remuneration**

To consider and if thought fit, pass with or without modification(s) the following as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other Rules framed there under (including any statutory modification(s) or re-enactment or amendments thereof for the time being in force), pursuant to the recommendation of Nomination and Remuneration Committee and approval of the Board, consent of the Members of the Company be and is hereby accorded for re-appointment of Mr Sandeep Lakhwara (DIN: 01049978) as Managing Director of the Company from May 1, 2018 to April 30, 2019 on the terms and conditions including those relating to remuneration as set out under the Statement setting out the material facts annexed to this Notice dated October 29, 2018 for Item No. 2.

**RESOLVED FURTHER THAT** the Board of Directors ("Board") / Nomination and Remuneration Committee of Directors ("NRC") of the Company be and is hereby authorised to alter and vary the terms and conditions of the said appointment including authority from time to time to determine the amount of salary, Performance Linked Incentive as also the type and amount of perquisites, other benefits and allowances payable to Mr Sandeep Lakhwara in such manner as may be agreed to between the Board / NRC and Mr Sandeep Lakhwara, subject to the limits prescribed under Section 197 and Schedule V to the Act (including any amendment, modification, variation or re-enactment thereof) and to do all such acts, deeds, matters and things and execute all such agreements, documents, instruments and writings as may be required in regard to the said appointment as it may in its sole and absolute discretion deemed fit, to give effect to this resolution without being required to seek any further consent or approval of the shareholders.

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

**"RESOLVED THAT** Mr Govind Subhash Samant (DIN: 07984886), who was appointed as an Additional Director with effect from December 12, 2017, pursuant to provisions of Section 161 of the Companies Act, 2013 (the Act) read with rules thereunder and in accordance with the Articles of Association of the Company, to hold office up to the date of the ensuing Annual General Meeting of the Company and for whom, the Company has received a notice under Section 160 of the Act from a shareholder proposing his candidature for the office of a Director of the Company, be appointed as a Director of the Company, who shall be liable to retire by rotation."

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

**"RESOLVED THAT** Dr Modali Hanuma Prasad (DIN: 01817724), who was appointed as an Additional Director with effect from December 12, 2017, pursuant to provisions of Section 161 of the Companies Act, 2013 (the Act) read with rules thereunder and in accordance with the Articles of Association of the Company, to hold office up to the date of the ensuing Annual General Meeting of the Company and for whom, the Company has received a notice under Section 160 of the Act from a shareholder proposing his candidature for the office of a Director of the Company, be appointed as a Director of the Company, who shall be liable to retire by rotation."

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

**"RESOLVED THAT** Mr Kaushik Mukherjee (DIN: 02315835), who was appointed as an Additional Director with effect from February 13, 2018 pursuant to provisions of Section 161 of the Companies Act, 2013 (the Act) read with rules thereunder and in accordance with the Articles of Association of the Company, to hold office up to the date of the ensuing Annual General Meeting of the Company and for whom, the Company has received a notice under Section 160 of the Act from a shareholder proposing his candidature for the office of a Director of the Company, be appointed as a Director of the Company, who shall be liable to retire by rotation."

By Order of the Board of Directors  
For **Deccan Gold Mines Limited**

**S.Subramaniam**  
Company Secretary  
ACS No 12110

Registered Office:  
Parinee Crescenzo, 803, 8th Floor,  
Opp. MCA Ground, C38-39, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai 400051  
CIN: L51900MH1984PLC034662

Place : Bengaluru  
Date : October 29, 2018

### Notes:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (“AGM” or “Meeting”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxies in order to be effective, must be received by the Company, duly filled, stamped and signed, at its Registered Office not less than 48 hours before the Meeting.

Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions / authority, as applicable, issued on behalf of the nominating organisation.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.

- b) The Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 (“the Act”), concerning the Special Business in the Notice is annexed hereto and forms part of the Notice.
- c) Corporate Members intending to send their authorised representative to attend the AGM are requested to send a duly certified copy of their Board Resolution authorising their representative to attend and vote at the AGM.
- d) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- e) Members / Proxies / Authorised Representatives should bring the enclosed Attendance Slip, duly filled in, for attending the Meeting. Copies of the Annual Report or Attendance Slips will not be distributed at the Meeting.
- f) Relevant documents referred to in the accompanying Notice and the Statement, are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
- g) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 10th day December 2018 to Thursday, 20th day December 2018 (both days inclusive).
- h) SEBI has mandated the submission of Permanent Account Number (PAN) for participating in the securities market, deletion of name of deceased holder and for transmission / transposition of shares. Members are requested to submit the PAN details to their Depository Participant (DP) in case of holdings in dematerialised form or to Link Intime India Private Limited in case of holdings in physical form, mentioning your correct reference folio number.
- i) Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact Link Intime India Private Limited for assistance in this regard.
- j) Members who have not updated their bank details with the DP are requested to do so in order to enable the Company to execute NEFT/ Electronic Transfer of Dividend amount to their bank account to eliminate all risks associated with physical dividend warrants.
- k) The Annual Report 2017-18 of the Company circulated to the Members of the Company, will be made available on the Company's website [www.deccangoldmines.com](http://www.deccangoldmines.com) and also on the website of the respective Stock Exchange ([www.bseindia.com](http://www.bseindia.com))
- l) Members desirous of getting any information about the Accounts of the Company are requested to write to the Company at least seven days in advance of the Meeting, so that the information can be kept ready at the Meeting.

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### m) Voting Options:

**Remote E-voting:** In compliance with the provisions of Section 108 of Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by Central Depository Services (India) Limited (CDSL), on all resolutions set forth in this Notice.

Voting at AGM: The Members who have not casted their vote electronically can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the venue.

### THE INSTRUCTIONS FOR MEMBERS FOR VOTING ELECTRONICALLY ARE AS UNDER:

- (i) The voting period begins on Saturday, 15th December, 2018 at 9:00 am and ends on Wednesday, 19th December, 2018 at 5:00 pm. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday, 13th December, 2018 may cast their vote electronically. The e-Voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID:
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
•	Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on the address sticker / Attendance slip indicated in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
•	Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xi) Click on the EVSN for Deccan Gold Mines Limited on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians:
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates and Custodians respectively.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of Thursday, 13th December, 2018.

Mr. Himanshu S. Kamdar, Practicing Company Secretary (Membership No. 5171) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

The Results shall be declared after the conclusion of the AGM of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.deccangoldmines.com](http://www.deccangoldmines.com) and on the website of CDSL. The results will also be communicated to the Stock Exchanges on which the Company’s equity shares are listed.

**Voting at AGM:** The Members who have not cast their vote electronically can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue.

# DECCAN GOLD MINES LIMITED

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## STATEMENT SETTING OUT MATERIAL FACTS UNDER SECTION 102 OF THE COMPANIES ACT, 2013

### Item no. 2

The Board of Directors in their meeting held on February 13, 2018 approved re-appointment of Mr Sandeep Lakhwara (DIN: 01049978) as Managing Director of the Company for a period of one year from May 1, 2018 to April 30, 2019 subject to the approval of shareholders.

Mr Sandeep has been the Managing Director of the Company since July, 2002 and is primarily responsible for the acquisition, growth and development of Deccan Gold Mines Limited. He has several years of 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), Mr 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 organisations 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 Company's mineral exploration projects in India.

Mr 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 electronic and print media.

It is proposed to re-appoint Mr Sandeep Lakhwara as Managing Director of the Company for a period of one year from May 1, 2018 to April 30, 2019 as per the terms and conditions set out below:

**Salary & Allowances (Remuneration):** INR 700,000 per month

In the event of loss or inadequacy of profits during the tenure of the Managing Director, he shall be entitled for a minimum remuneration of Rs. 700,000 per month as per the provisions of Section II of Schedule V of the Companies Act, 2013.

No sitting fee shall be paid to Mr Sandeep Lakhwara for attending Board Meetings of the Company.

The above particulars may be treated as an abstract pursuant to Section 190 of the Companies Act, 2013.

Mr Sandeep Lakhwara is interested/ concerned in the resolution regarding his appointment and terms and conditions.

Name of the Director	Financial interest	Other interest
Mr Sandeep Lakhwara	Remuneration details as mentioned in the Explanatory Statement of this Notice	1,350,000 equity shares held in the Company (as on March 31, 2018)

Apart from the aforesaid persons, none of the other persons specified in Section 102 of the Companies Act, 2013 namely the Promoters, Directors, Key Managerial Persons, Relatives of Promoters, Directors and Key Managerial Persons are concerned or interested in the above resolution.

### Item Nos. 3 to 5

Since the date of last Annual General Meeting, the Company had appointed Mr Govind Subhash Samant (DIN: 07984886) and Dr Modali Hanuma Prasad (DIN: 01817724) with effect from December 12, 2017 and Mr Kaushik Mukherjee (DIN: 02315835) with effect from February 13, 2018 as Additional Directors to hold office up to the date of the ensuing Annual General Meeting and they are eligible for appointment as Directors of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, an Additional Director can hold office only up to the date of the next Annual General Meeting of the Company. Accordingly, the term of office of Additional Directors would expire on the date of the ensuing Annual General Meeting of the Company and require the approval of the Members for regularization of appointment of the said Additional Directors in their respective office of Director of the Company.

**Profile of the Directors being appointed / re-appointed as required under Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and Secretarial Standards – 2**

Name of the Director	Mr Sandeep Lakhwara
Age (Date of Birth)	September 5, 1955
Date of appointment on the Board	July 31, 2002
Term	May 1, 2018 to April 30, 2019
Educational Qualification	B.Bus., CPA (Australia)
Background details, Recognition or awards and Experience & Expertise in functional areas	Mr Sandeep has been the Managing Director of the Company since July, 2002 and is primarily responsible for the acquisition, growth and development of Deccan Gold Mines Limited. He has several years of 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), Mr 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 organisations 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 Company's mineral exploration projects in India.
Shareholding in the Company	1,350,000 shares (as on March 31, 2018)
Terms and Condition of appointment (Other brief terms also required to be stated)	Executive Director
Details of Remuneration sought to be paid	Rs.700,000 per month
Remuneration last drawn	Rs. 700,000 per month
Number of Meetings attended during the year	5
Relationship with other Director, Manager and other Key Managerial Personnel of the Company	Mr Sandeep is not related to any other director of the Company.
Other membership / Chairmanship of Committees of the Boards	Nil
Directorship in other Indian Public Limited Companies as on March 31, 2018	Nil

Name of the Director	Mr Govind Subhash Samant
Age (Date of Birth)	July 20, 1978
Date of appointment on the Board	December 12, 2017
Term	Liable to retire by rotation
Educational Qualification	Engineer
Background details, Recognition or awards and Experience & Expertise in functional areas	Mr Samant is an entrepreneur based out of Thailand and is a long-term shareholder of the Company holding a significant stake. Mr Samant has a keen understanding and appreciation of the business model of exploration and mining companies.



## DECCAN GOLD MINES LIMITED

Shareholding in the Company	3,275,317 shares (as on March 31, 2018)
Terms and Condition of appointment (Other brief terms also required to be stated)	Non-executive & Non-Independent Director
Details of Remuneration sought to be paid	Nil
Remuneration last drawn	N.A.,
Number of Meetings attended during the year	1
Relationship with other Director, Manager and other Key Managerial Personnel of the Company	Mr. Samant is not related to any other director of the Company.
Other membership / Chairmanship of Committees of the Boards	Nil
Directorship in other Indian Public Limited Companies as on 31st March, 2018	Nil

Name of the Director	Dr Modali Hanuma Prasad
Age (Date of Birth)	July 18, 1965
Date of appointment on the Board	December 12, 2017
Term	Liabe to retire by rotation
Educational Qualification	M.Sc., Ph.D., MAus IMM
Background details, Recognition or awards and Experience & Expertise in functional areas	Dr Hanuma is a representative of the Promoter Company viz., Rama Mines Mauritius Limited, Mauritius (RMML) on the Board of the Company. He has 20 years of experience in exploration and mining industry as exploration manager as well as part of the corporate management team. He has a Doctorate in Geology and worked with Geological Survey of India from 1994 to 2001 in geological mapping and mineral exploration projects.
Shareholding in the Company	183,555 shares (as on March 31, 2018)
Terms and Condition of appointment (Other brief terms also required to be stated)	Non-executive & Non-Independent Director
Details of Remuneration sought to be paid	Nil
Remuneration last drawn	N.A.,
Number of Meetings attended during the year	3
Relationship with other Director, Manager and other Key Managerial Personnel of the Company	Dr. Hanuma Prasad is not related to any other director of the Company.
Other membership / Chairmanship of Committees of the Boards	Nil
Directorship in other Indian Public Limited Companies as on 31st March, 2018	Nil

Name of the Director	Mr Kaushik Mukherjee
Age (Date of Birth)	September 8, 1955
Date of appointment on the Board	February 13, 2018
Term	Liable to retire by rotation
Educational Qualification	B.Tech in Electrical Engineering (IIT, Delhi) & M.S in Electrical Engineering from State University of New York
Background details, Recognition or awards and Experience & Expertise in functional areas	An Indian Administrative Service (IAS) officer of the 1978 batch and belonging to the Karnataka cadre, Mr Mukherjee last served as Chief Secretary to the Government of Karnataka till his retirement a couple of years ago. Mr Mukherjee had held multiple positions in the Government of Karnataka and the Union Government in his distinguished career spanning nearly four decades.
Shareholding in the Company	Nil
Terms and Condition of appointment (Other brief terms also required to be stated)	Non-executive & Non-Independent Director
Details of Remuneration sought to be paid	Nil
Remuneration last drawn	As per Government Rules applicable to the cadre of Chief Secretary at that time.
Number of Meetings attended during the year	2
Relationship with other Director, Manager and other Key Managerial Personnel of the Company	Mr. Mukherjee is not related to any other director of the Company.
Other membership / Chairmanship of Committees of the Boards	Nil
Directorship in other Indian Public Limited Companies as on 31st March, 2018	Nil

Mr Govind Subhash Samant, Dr Hanuma Prasad Modali and Mr Kaushik Mukherjee are interested in the respective resolution for their appointment as Director. No other Directors of the Company are interested in the resolutions stated in Agenda No. 3 to 5.

Your Directors recommend the resolutions as specified in Item Nos. 3 to 5 for your approval.

By Order of the Board of Directors  
For **Deccan Gold Mines Limited**

**S.Subramaniam**  
Company Secretary  
ACS No 12110

Registered Office:  
Parinee Crescenzo, 803, 8th Floor,  
Opp. MCA Ground, C38-39, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai 400051  
CIN: L51900MH1984PLC034662

Place : Bengaluru  
Date : October 29, 2018

### **IMPORTANT NOTICE TO SHARE HOLDERS - DEMATERIALISATION OF SHARES :**

1. The Securities and Exchange Board of India (SEBI) vide its circular dated 20th April, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to RTA/ Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the Member. In the alternative Members are requested to submit a copy of bank passbook / statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.
2. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Link Intime India Private Limited (RTA) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes either to the Company or to RTA.
3. SEBI amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 wherein it was intimated that transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository with effect from December 5, 2018. In view of the said SEBI Notification members holding shares in physical form are requested to consider converting their shareholding to dematerialized form to facilitate transfer of shares, if any. Members can contact the Company or RTA for assistance in this regard. However, The amendment does not prohibit the investor from holding the shares in physical form, investor has the option of holding shares in physical form and The amendment is not applicable for transmission (i.e. transfer of title of shares by way of inheritance / succession) and transposition (i.e. re arrangement / interchanging of the order of name of shareholders) cases.
4. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
5. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with RTA/Depositories.

Route Map for Boundary Hall, 1st Floor, Mumbai Cricket Association Recreation Centre, RG-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051

Mumbai Cricket Association Indoor Cricket Academy and Recreation Centre  
Venue of 34th Annual General Meeting of Deccan Gold Mines Limited





**DECCAN GOLD MINES LIMITED****Regd. Office:** Parinee Crescenzo, 803, 8<sup>th</sup> Floor, Opp. MCA

C38-C39, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051

CIN: L51900MH1984PLC034662

Tel.: +91 022 33040797 Fax: +91 022 26532440

**ATTENDANCE SLIP****34<sup>th</sup> Annual General Meeting – Thursday, December 20, 2018**

Sr. No.:

<b>Registered Folio/DP ID &amp; Client Id</b>	
<b>Name and Address of the Shareholder</b>	
<b>Joint Holder 1</b> <b>Joint Holder 2</b>	
<b>Name of Proxy/Representative, if any</b>	
<b>No. of Shares held</b>	

1. I hereby record my presence at the 34<sup>th</sup> ANNUAL GENERAL MEETING of the Company held on Thursday, December 20, 2018 at 2:30 p.m. at Boundary Hall, 1<sup>st</sup> Floor, Mumbai Cricket Association Recreation Centre, RG-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 and/or any adjournment thereof.
2. Signature of the Shareholder/ Proxy Present
3. Shareholder / Proxy attending meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.
4. Shareholder/ Proxy desiring to attend the meeting may bring his/her copy of the Annual Report for reference at the meeting.
5. Bodies Corporate, whether a Company or not, who are members, may attend through their authorised representatives appointed under Section 113 of the Companies Act, 2013. A copy of authorisation should be deposited with the Company.

Note: PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING

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**ELECTRONIC VOTING PARTICULARS**

Electronic Voting Sequence Number) (EVSN)	User ID	Password

**Note:** Please read the instructions printed in the Notes attached to the Notice dated October 29, 2018 convening the 34<sup>th</sup> Annual General Meeting. The voting period starts from 9.00 a.m. (IST) on Saturday, December 15, 2018 and ends at 5.00 p.m. on Wednesday, December 19, 2018. The voting module shall be disabled by CDSL for voting thereafter.

# DECCAN GOLD MINES LIMITED

Parinee Crescenzo, C38-C39, G Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400051

CIN: L51900MH1984PLC034662

## Proxy Form

Form No. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):  Registered address:    E-mail Id:	Folio No:  *Client Id:  *DP ID:
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(\*applicable for investors holding shares in electronic form)

I/ We, being the member (s) of ..... shares of the above named company, hereby appoint:

1. Name .....  
Address.....  
.....  
E-mail id:.....Signature:..... or failing him/her.
2. Name .....  
Address.....  
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E-mail id:.....Signature:..... or failing him/her.
3. Name .....  
Address.....  
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E-mail id:.....Signature:..... or failing him/her.

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34th Annual General Meeting of the Company, to be held on **Thursday, December 20, 2018 at 2:30 p.m. at Boundary Hall**, 1st Floor, Mumbai Cricket Association Recreation Centre, RG-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\*I wish my proxy to vote in the manner as indicated in the box below:

Item No.	Description	Type of resolution (Ordinary / Special)	For	Against
	ORDINARY BUSINESS			
1.	Adoption of the audited standalone and consolidated Balance Sheet and Profit & Loss Account for the year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon.	Ordinary		
	SPECIAL BUSINESS			
2	Reappointment of Mr Sandeep Lakhwara (DIN:01049978) as Managing Director for a period of one year from May 1, 2018 to April 30, 2019 upon the terms & conditions including remuneration as mentioned in the Special Resolution	Special		
3	Appointment of Mr Govind Subhash Samant (DIN:0007984886) as Director liable to retire by rotation	Ordinary		
4	Appointment of Dr Modali Hanuma Prasad (DIN:01817724) as Director liable to retire by rotation	Ordinary		
5	Appointment of Mr Kaushik Mukherjee (DIN:02315835) as Director liable to retire by rotation	Ordinary		

Signed this..... day of..... 2018

Signature of Shareholder

Affix  
Revenue  
Stamp

Signature of Proxy holder(s)

#### Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A proxy need not be member of the Company.
3. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. \*\* This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate. In terms of Regulation 44(4) of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015, Equity shareholders may vote either for or against each resolution as proposed in the Notice of Annual General Meeting.
5. In case of joint holders, the signature of any other holder will be sufficient, but names of all the joint holders should be stated.



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**CORPORATE INFORMATION**

Chairman	: Mr. K.R. Krishnamurthy w.e.f. December 12, 2017
Managing Director	: Mr. Sandeep Lakhwara
Directors	: Ms. Pratima Ram Prof. Vinod Kumar Gaur Mr Govind Subhash Samant *w.e.f. December 12, 2017 Dr. Modali Hanuma Prasad w.e.f. December 12, 2017 Mr Kaushik Mukherjee w.e.f. February 13, 2018
Head-Legal & Company Secretary	: Mr. S. Subramaniam
Chief Financial Officer	: Mr. K. Karunakaran
Auditors	: M/s. P R Agarwal & Awasthi Chartered Accountants, Mumbai.
Registrars & Share Transfer Agents	: Link Intime India Private Limited C 101, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400 083 Tel : 91-22-49186000 Fax : 91-22-49186060 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>
CIN	: L51900MH1984PLC034662
Bankers	: Kotak Mahindra Bank
Registered Office	: Parinee Crescenzo, 803, 8th Floor, Opp. MCA Ground, C38-39, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Tel : 91-22-33040797 Fax : 91-22-26532440 Email : <a href="mailto:info@deccangoldmines.com">info@deccangoldmines.com</a> Web : <a href="http://www.deccangoldmines.com">www.deccangoldmines.com</a>
Corporate Office	: No. 5, 19th Main Road, 4th Sector, HSR Layout, Bengaluru – 560 102 Tel : 91-80-67155700 Fax : 91-80-67155701 Email : <a href="mailto:info@deccangoldmines.com">info@deccangoldmines.com</a>

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**PROFILE OF DIRECTORS****MR K. R. KRISHNA MURTHY**

Chairman (Independent, Non-executive Director)

K.R. Krishnamurthy is a well known Mining Engineer, practising as a consultant since 1990. He is B.Sc., Chartered Engineer (from Institute of Engineers (India)) and holds a Diploma in mining & First Class Mine Managers Certificate of Competency with over five decades of experience in the mining sector. Earlier he has worked for Kolar Gold Mining Undertakings in Kolar Gold Fields, Indian Copper Corporation Limited, Chitradurga Copper Company Limited and Ashanti Gold Fields Corporation Limited (Ghana, West Africa). He is a mining consultant and advises many mineral based industries in India and abroad.

**MR SANDEEP LAKHWARA (B.BUS., CPA)**

Managing Director (Executive)

Sandeep has over 15 years experience in the exploration and mining sector. 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, mergers and acquisition and corporate regulatory requirements for publicly listed companies. He was appointed on the Board of our Company in July 2002 and since then is primarily responsible for the development of Deccan Gold Mines Limited. 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 electronic and print media.

**Ms PRATIMA RAM**

Independent Non-executive Director

Pratima Ram graduated from the University of Virginia, USA and Bangalore University. She is an experienced banker with three decades in corporate, international and investment banking and has held the position of Chief General Manager and Country Head of United States operations of State Bank of India and prior to this she was the CEO of the South African operations of the Bank. At SBI Capital Markets, Pratima led the Corporate Advisory, M&A, & Project Appraisal businesses. While at SBI, she also headed the Diamond Financing business of the Bank. She later joined the private sector in the infrastructure space as Group President, Finance, at Punj Lloyd Group which has diversified operations in more than 15 countries. Till recently she was the CEO of India Infoline Finance Ltd, an NBFC focused on lending to small businesses, real estate and health care sectors. She is now Advisor to India Infoline Finance Ltd. She has held Board positions in SBI California Ltd, USA and India Infoline Finance Ltd, Mumbai.

**PROF VINOD KUMAR GAUR**

Independent Non-executive Director

Prof. Gaur is an eminent geoscientist. He is holder of Doctorate of Philosophy from University of London. He is a former Director of the National Geophysical Research Institute, Professor at Professional University of Roorkee and the Indian Institute of Astrophysics. He has also been Secretary to the Government of India between 1989-96.

**MR GOVIND SUBHASH SAMANT**

Non-Independent, Non-Executive Director

Govind is an entrepreneur based out of Thailand and is a long-term shareholder of the Company holding a significant stake as on date. Mr Govind has a keen understanding and appreciation of the business model of exploration and mining companies.

## **DECCAN GOLD MINES LIMITED**

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### **DR MODALI HANUMA PRASAD, M.SC., PH.D., MAUSIMM**

Non-Independent, Non-Executive Director

Hanuma represents the Promoter Group i.e., Rama Mines Mauritius Limited, Mauritius (RMML) on the Board of the Company. He has 20 years of experience in exploration and mining industry, as exploration manager as well as part of the corporate management team. He has a Doctorate in Geology and worked with Geological Survey of India from 1994 to 2001 in geological mapping and mineral exploration projects. Presently, he serves as CEO of Australian Indian Resources Limited, Australia (AIR), a company that has got interests in mineral prospects in India. He also serves on the Board of AIM – listed Lionsgold Limited which also has got interests in mineral prospects in India.

### **MR KAUSHIK MUKHERJEE**

Non-Independent, Non-Executive Director

An Indian Administrative Service (IAS) officer of the 1978 Batch and belonging to the Karnataka cadre, Mr Mukherjee last served as Chief Secretary to the Government of Karnataka till his retirement a couple of years ago. Mr Mukherjee has held multiple positions in the Government of Karnataka and the Union Government in his distinguished career spanning nearly four decades.

Mr Mukherjee holds a B. Tech., in Electrical Engineering from IIT Delhi and M.S. in Electrical Engineering from State University of New York.

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## **KEY PERSONNEL**

**MR S.C.R. PESHWA, FGS (LONDON), MGS (SA)**

Exploration Director

Peshwa has 33 years of experience as a mining and exploration geologist and specializes in gold exploration and resource modeling. 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. He successfully carried out gold prospecting in the Red Sea hills region of Sudan. With his international exposure to different styles for gold mineralization, Peshwa is responsible for the development of DGML's Gold Projects and has implemented different exploration methods as per international standards including QA/QC programmes. Being a Fellow of Geological Society of London and Member of Geological Society of South Africa qualifies him as a competent person as defined by the JORC Code. Mr. Peshwa is also an RQP (Recognition as Qualified Person) awarded by Indian Bureau of Mines.

**MR K. KARUNAKARAN**

Chief Finance Officer

Karunakaran is a Certified Management Accountant from CMA (Australia) and also holds a Diploma in Management Accounting from CIMA, UK. He has a Masters Degree in Commerce. He possesses nearly three decades of experience in the field of Finance, Accounts and Audit and has worked in organisations in India and abroad. He has got wide experience in matters relating to Indian corporate laws, Banking matters and taxation. Apart from working in reputed corporates in India, Karun worked for 5 years in one of the leading multi divisional company in Sultanate of Oman – Muscat, in the internal audit department and advised management on methodologies to strengthen their internal control systems.

**MR S. SUBRAMANIAM**

Head-Legal & Company Secretary

Subramaniam is an Associate Member of Institute of Company Secretaries of India & Chartered Institute of Management Accountants, UK. Also holds a Bachelors Degree in Law from Bangalore University. He has 20 years of experience in the field of Company Law and other corporate laws. During his career, he has handled corporate restructuring exercises including mergers / demergers, amalgamations, joint ventures, foreign collaborations, fund raisings & listing of securities on domestic and foreign stock exchanges. He is in charge of the corporate legal and company secretarial matters and also functions as the Compliance Officer of the Company.

**Dr. S.B. HARISH KUMAR**

Exploration Manager

Harish has 21 years of experience in exploration for gold and associated minerals, particularly in the States of Karnataka, Andhra Pradesh, Tamil Nadu and Kerala. He was a key member of the exploration team of involved in the discovery of Ganajur gold deposit. Since then he has been actively involved in the exploration and development of the Ganajur gold project at all stages including geological mapping, ground geophysical surveys, execution of drilling programmes, Scoping, Feasibility, E.I.A , E.M.P and Hydrogeological, studies etc. Besides, he has also been involved in the exploration and development of Mangalagatti and Bhavihal gold prospects of DGML.

## DECCAN GOLD MINES LIMITED

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### **MR. RAJEEV P. HANAMASAGAR (M.SC IT)**

GIS - IT Manager

Mr. Rajeev P. Hanamasagar has 15 years of experience in working on Mining & GIS softwares like DataMine, Surpac, Datamine Discover 3D, Auto-Cad and Mapinfo. With his expertise in Database Management of Mining & Exploration data, he is involved in generation of seamless geological and structural maps for exploration & mining projects using GIS platform matching international standards. In the past, he has assisted in preparing necessary geological maps and drill holes sections forming part of Mining Plan of 2 Gold Projects including the Ganajur Gold Project. Also handles the implementation and maintenance of the Company's technology infrastructure and central information processing system to support efficient data management and communications. Rajeev is also responsible for the secure and effective operation of all computer systems, related applications, hardware and software in the Company.

### **DR. YOGANANDA K.S**

Senior Geologist

Yogananda has got more than nine years of experience in field geology, mineral exploration/prospecting and mining industry with a focus on gold exploration in different parts of India and abroad which include Epithermal Gold System in parts of Volcanic Terrain of Djibouti, N-E Africa and the Paleo-Proterozoic mobile belt in southern part of Tanzania.

Yogananda is a key member of the geological team working at the Ganajur Gold Project and the Mangalagatti and Bhavihal prospects.

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## **REPORT ON EXPLORATION ACTIVITIES**

### **PROGRESS REPORT ON THE PROJECTS**

Deccan Gold Mines Limited (DGML) and its 100% owned subsidiary, Deccan Exploration Services Pvt Ltd (DESPL) achieved some very important milestones during the year which are as follows:

1. A positive opinion from the Law Department of the Government of Karnataka received in April 2018 advising the Secretary, Commerce and Industries Department ( C & I ) to process the Ganajur Mining License ( ML ) Application of DESPL.
2. A positive Supreme Court Verdict received in May 2018 directing the State Government of Karnataka to process the Prospecting License ( PL ) applications of DESPL over the Hutti - Maski belt in accordance with Mines & Minerals (Development & Regulation) Act, - 1957.
3. In the light of the above Supreme Court verdict, the Revision Petition application lodged before the Tribunal, Ministry of Mines ( MOM ), Government of India by DESPL contesting the rejection of its North Hutti PL application by the State Government of Karnataka successfully concluded in favour of the company
4. Developments on infrastructure facilities for the Ganajur gold project including payment of Rs 6.82 cr to Karnataka Industrial Areas Development Board (KIADB) as part payment for Land acquisition and approvals for water and power for the project
5. Various representations by farmers whose land is being acquired for the development of the Ganajur gold project urging the State Government of Karnataka to quickly process the ML application of DESPL
6. Processing of the Hutti- Maski belt PL applications being undertaken by the Director, Mines & Geology, Government of Karnataka in accordance with the SC verdict.

#### **Status of Mining Lease for Ganajur Main Gold project:**

DESPL's Mining Lease application over an area of 0.29 km<sup>2</sup> covering the Ganajur Main Gold Deposit. Ganajur village (Fig-5), Haveri Taluk and District in Karnataka was approved by the Ministry of Mines ( MOM ), Government of India vide letter No. 4/113/2010-MIV dated 24th July 2015 Under Section 5(1) of the MMDR. This was followed by a clarification from the MOM dated February 7, 2017 clarifying that its prior approval was under Section 10A(2) (b) of MMDR. In this latest letter, MoM also advised the State Government of Karnataka to get the Mining Lease executed in accordance with law at the earliest and to expedite the clearances and approvals for starting the mining operations.

Despite these approvals, the C & I referred the file to the Law Department, Government of Karnataka for its opinion to confirm that the Ganajur ML application is in compliance with the relevant Rules & Regulations of Mines and Minerals (Development & Regulation) Act, 1957 ("MMDR") and that due processes have been followed in processing the file.

- The Law Department of the Karnataka State Government responded to the C & I letter seeking their opinion on 23rd April 2018 and advised C & I to process the ML application of DESPL as it is compliant with the MMDR

#### **Current developments:**

The C & I wrote a letter to MoM seeking further clarifications on the Ganajur ML application of DESPL despite the same having been positively clarified by their own office to MoM and confirmed by the IBM as well as Law Department, Government of Karnataka.

- In its response to C & I, MoM has pointed out that it was the State Government that had earlier recommended the grant of ML and if it has obtained a legal opinion based on which it is seeking further clarifications, the same may be forwarded to it. The legal opinion from the Law Department, Government of Karnataka received on April 23, 2018 was not attached by C & I when seeking further clarifications from MoM.

- We expect C & I to forward its reply to MoM attaching Law Department's opinion that it has received on the Ganajur ML application. This opinion, as noted earlier, advised C & I to process the Ganajur ML application and we believe should also enable MoM to reiterate its earlier stand where it advised "the State government to get the ML executed at the earliest."

## DECCAN GOLD MINES LIMITED

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### Background :

- It may be noted that the Ganajur ML file was initially recommended by the State Government of Karnataka to the Ministry of Mines, Government of India (MoM) way back in 2010 and various issues have been raised by multiple Government authorities over time, all of which were successfully resolved resulting in the MoM's prior approval under Section 5(1) of MMDR being granted in July 2015. However the State Government of Karnataka introduced a new system of Standard Operating Procedures (SOP) for processing all mineral concession applications awaiting approval. As a result of this new system, issue of grant notification / Letter of Intent for Ganajur Mining License was delayed in order to ensure compliance with the internal checklists prepared by the State Government. The Department of Mines & Geology (DMG) prepared the SOP as per the prescribed format and the same was forwarded to the State Government.
- In the meantime the Ministry of Mines in its letter to the State Government dated February 7, 2017 clarified that its prior approval was under Section 10A(2)(b) of MMDR. In this latest letter, MoM also advised the State Government of Karnataka to get the Mining Lease executed in accordance with law at the earliest and to expedite the clearances and approvals for starting the mining operations. Vide its letter dated March 20, 2017 the Commerce and Industries Department (C & I) forwarded the above noted MoM's letter to DMG seeking its comments thereon. The DMG's response was forwarded to the C & I during June, 2017 for further action.
- Subsequently, the C & I as a matter of adequate precaution, referred the file to the Law Department, Government of Karnataka for its opinion to confirm that the Ganajur ML application is in compliance with the relevant Rules & Regulations of Mines and Minerals (Development & Regulation) Act, 1957 ("MMDR") and that due processes have been followed in the processing of the file.

### DESPL/ Legal opinion

- Based on the opinion of the Law Department of the Government of Karnataka and other legal opinions obtained by the company including one from a retired Supreme Court Judge and approval by the Ministry of Mines, Delhi the Company is of the opinion that it stands on a strong legal footing in terms of issuance of the Grant Notification Letter / Letter of Intent ( LOI ) to execute the Ganajur ML application.
- DESPL recently approached a Senior Legal Counsel based in Bangalore specializing in mining law related cases, presented our case and sought his advice on the legal options / remedies available to us. He advised that we could file a Writ of Mandamus before the Hon'ble High Court of Karnataka seeking a positive direction to C & I to Issue the LOI and subsequently execute the Mining Lease, as the Ganajur ML application has gathered considerable strength over the year because of various additional approvals and despite sufficient time being afforded to the Government of Karnataka to act on the approvals, it has not done so. DESPL will be issuing a writ of Mandamus in the near future in accordance with the Senior Counsel's advise.

### Supreme Court Verdict on Hutti Belt projects:

A very important development for the company during this year was the landmark judgment delivered by the Hon'ble Supreme court in favour of DESPL with regard to Hutti-Maski Belt projects. Shareholders are aware that DESPL had to go through a long battle in the courts to protect its rights over the PL applications lodged in the Hutti-Maski Belt. These PL applications were lodged over gold prospects discovered as a result of systematic exploration carried out under an Reconnaissance Permit.

To give a background of the case, DESPL had contested the Order passed by the Hon'ble High Court of Karnataka in the month of April, 2012 favouring Hutti Gold Mines Limited (HGML) regarding the Hutti Belt projects. A Special Leave Petition (SLP) was lodged in the Hon'ble Supreme Court of India, which was admitted in the month of July, 2012.

### The highlights of the Supreme Court judgment are as follows :

1. The Karnataka High Court erred in allowing the Writ Petition of Hutti Gold Mines Limited (HGML), a PSU owned by the Government of Karnataka .
2. The decision of the Central Government vide its Order dated May 31, 2011 is upheld. This Order had rejected the proposal of the Government of Karnataka for reservation of the Hutti Block areas in favour of HGML by overlooking the Prospecting Licence (PL) applications of DESPL.



3. The State of Karnataka is directed to consider the case of DESPL for grant of PL in accordance with the provisions of the Mines & Minerals (Development & Regulation) Act, - 1957 as they now stand amended in the year 2015.

DESPL has lodged a total of 8 applications in the area and these applications cover highly potential gold prospects discovered by DESPL during its RP tenure. Hutti-Maski Greenstone belt is one of the most important Archaean gold bearing belts in India. The Hutti-Maski belt hosts world class Hutti Gold deposit that is being mined by the Hutti Gold Mines Limited. DESPL has also made several noteworthy discoveries including Hirenagnur Prospect and several other prospects.

#### **Revision Petition over DESPL's Hutti North PL application:**

- At its final hearing on 28th August 2018, the Revisionary Authority ( RA), Ministry of Mines, Government of India set aside the impugned order of the State Government of Karnataka that rejected the PL application of DESPL over an area of 4.9 sq.kms for gold and associated minerals over Hutti North Prospect in Hutti and Madinapur Villages of Lingusgur taluk in Raichur District. In the final order 13(08)/2012-RC-I dated 29th October 2018, the RA has further directed the State government of Karnataka to consider the Hutti North PL application of DESPL.
- The above favourable ruling is primarily in the light of the Judgment dated 8th May, 2018 of the Hon'ble Supreme Court of India setting aside the proposal of the State Government of Karnataka seeking to reserve the Hutti Belt areas in favour of its own undertaking viz., Hutti Gold Mines Limited by overlooking the PL applications (including the above noted Hutti North PL application) of DESPL over those areas. The Hon'ble Supreme Court directed the State Government of Karnataka to consider the PL applications of DESPL over the Hutti Belt.
- By way of background, it may be noted that after carrying out reconnaissance operations under a RP granted to it, DESPL lodged a Prospecting Licence (PL) application over the Hutti North Block covering an area of 4.9 sqkms in the Raichur District of Karnataka. Overlooking our preferential rights to obtain PL, the State Government of Karnataka rejected the PL application. DESPL contested the rejection through a revision application before the Tribunal, Ministry of Mines, Government of India.
- North Hutti PL Block is located immediately north of the presently operating Hutti Gold Mines. DESPL had carried out scientific exploration in the Hutti North Block and identified 5 auriferous gold bearing zones. DESPL believes this PL Block is highly potential and would launch a detailed exploration once the PL is granted.

#### **Infrastructure developments for the Ganajur Gold Project:**

##### **Land Acquisition:**

The Karnataka State Government, through a Government Order (GO), approved on 28th April 2012 the allotment of 200 acres of land for the Ganajur Main Gold Mining and Ore Processing Plant that facilitated land acquisition process through Karnataka Industrial Areas Development Board (KIADB). KIADB processed the application for 200 acres of land and then issued a demand letter asking DESPL to remit 40% of the tentative land cost along with board charges. As per the demand letter DESPL remitted Rs 6.82 Crores to KIADB in April 2018. DESPL will enter into an agreement with KIADB which will result in KIADB issuing primary notification under Sections 3(1), 1(3) and 28(1) of the KIAD Act, 1966 to the Govt. in Commerce & Industries Department for approval upon issuance of the LOI.

Shareholders will recall that DGML appointed Snowden, an internationally reputed mining consultancy based in Perth, Australia to undertake detailed feasibility studies for the Ganajur gold project. The feasibility studies were completed by Snowden mid last year and recommended acquiring an additional 55 acres of land in the processing plant area and Tailings Storage facility. Thus as per the revised land use pattern of the various facilities of the Project, a total of 255 acres of land will be required. DESPL immediately applied for the additional 55 acres of land with the Karnataka UdyogMitra on 27th July 2017. Our application was considered by the Land Audit Committee and the State Level Single Window Clearance Committee (SLSWCC) on 28th July 2017.

Our proposal for the allotment and acquisition of additional area of 55 acres (total 255 acres) through KIADB was approved by the SLSWCC vide Order No CI 146 SPI 2012m Dated 09-08-2017. The application for the additional 55 acres of land is being processed at the Regional office of KIADB in Davanagere.

## DECCAN GOLD MINES LIMITED

As per the request of the farmers owning the land in ML area, DESPL paid an additional advance of Rs 40,000/- per acre directly to them in April 2018. This advance payment was in addition to Rs 1.25 lakhs per acre paid during the year 2016 to the farmers.

The annual crop compensation was continued for the land owners of the ML area involving 72 acres in addition to the amounts paid above. As of this year, annual crop compensation was also paid to the land owners of the remainder 128 acres ( forming part of the original 200 acres required for the Ganajur gold project for plant and other infrastructure facilities ), after entering into a formal lease agreement with these land owners.

### Water for Plant and Mine:

It is proposed to pump water from the Varada River for the water requirement of the Project. The Varada River flows at a distance of 6.5 km north of the gold ore process plant area(Fig-1). The Karnataka State High Level Clearance Committee has approved the drawing of 3000 KLD of water from the Varada River for the Project from the Kolur-Kalsur barrage (Fig-1 & 7). The abandoned quarry near the process plant area will be part of the raw water storage facility.

DESPL has since submitted a proposal to the Secretary, Water Resource Department, and Government of Karnataka in Bangalore for pumping around 1.08 million cubic meters ( $Mm^3$ ) of water per annum. After all the field inspection by the water authorities, our file was forwarded to the Chief Engineer, Water Resources Development Organization (WRDO), Bangalore on 30th June 2017. The file was sent to Hydrology department for obtaining the quantity of water available at the proposed pumping station. Hydrology Department has forwarded their recommendation to the WRDO for further action and has indicated that there is plenty of water available in Koluru-Kalsuru barrage(Fig-1 & 7) for the processing plant.

The Chief Engineer also sought an opinion from inter state water dispute department (ISWD). They have added a condition that we treat the effluents as per CPCB norms before discharging the same into the stream.



**Fig-1, Satellite Map of Koluru-Kalsuru Barrage area showing the location of proposed Jack well for water supply to Ganajur Gold Project.**

Subsequently, the Chief Engineer ( CE ) North Region - Minor Irrigation Department Vijayapura forwarded our application to the Secretary, Minor Irrigation Department Vikasa Soudha, Bengaluru on 4th September 2018. The CE has attached letters from various authorities and has recommended that the required amount of water can be given to DESPL. The file is currently with the Secretary, Minor irrigation and Ground water development circle.

### Power for Plant and Mine:

The Karnataka Power Transmission Corporation Limited ( KPTCL ) approved our application for the drawing of 5MW on

the 110 KV power line vide letter dated 01st February 2017 under the self-execution scheme. The high tension 110 kilovolt-amperes (kVa) power will be tapped from Basavanakatti Sub-station located at a distance of 7.0 kms from the processing plant site. A work order was issued on 4th May 2017 to conduct the preliminary power line survey and also to obtain the KPTCL approval of the survey. In this connection, we appointed an electrical contractor authorized by KPTCL to undertake the preliminary survey, geotechnical investigation and prepare the feasibility report for the power line. The survey has been completed and the contractor has submitted the feasibility study report which was then forwarded to the KPTCL for further action. DESPL has also paid the Supervision charges to the KPTCL as advised by them.

Upon payment of the supervision charges, the survey report submitted by our Contractor was approved by KPTCL on November 22, 2017. We also applied for allotment of a land within Basavanakatti Substation for the Terminal Bay. KPTCL in its committee meeting held on 7th February 2018 considered our application and approved the allocation of land to DESPL within the Basavanakatti Sub-station for construction of Terminal bay.

### **Railways:**

DESPL has filed an application with the Divisional Railway Manager, South Western Railway (SWR), Mysore for obtaining permission for laying a water pipe line below the Bengaluru-Pune Broad Gauge line on South Western (SW) railway near Ganajur village. This water pipe will be for drawing water from Varada River to the Project site (Fig-7). The SWR authority completed the field verification and feasibility of our proposal. We also received a letter from SW railway, Mysore Divisional office advising us to remit Rs.1, 91,413 towards remittance of Way live charges and we have remitted the same on 4th September 2017.

We have now entered into an agreement with the SW Railway for execution of the project. SW Railway, Mysore accorded permission for laying water pipe line below the railway line at KM 399/500-600 near Ganajur. We are in talks with reputed engineering companies for undertaking this job on a turnkey basis.

### **Representation by farmers at Ganajur**

In the meantime the farmers who own land covering the Ganajur ML Block are very keen to see the Project come to fruition and have represented to their local MLA and the Mines Minister several times in the past to expedite the approvals and permissions required for the Project.



**Fig. 2 : Ganajur Farmers' Representation to Mines Minister, Government of Karnataka, Bangalore**

Recently, on October 4, 2018, they have sent a written representation to the Hon'ble Chief Minister of Karnataka; Hon'ble Mines Minister of Karnataka with copies thereof to Secretary, C & I highlighting their grievances and request. They have also met the Mines Minister at Bangalore and submitted the letter in person and requested him to intervene so that the Project gets operational (Fig. 2)

Shareholders may appreciate that DGML has made sincere efforts towards the execution of the Mining Lease in order to commence commercial gold production at Ganajur. However unnecessary hurdles and delays at the State Government level have affected the execution of the gold project in accordance with the time lines originally planned. We remain confident that

we will overcome these hurdles in the near future and commence the implementation of the project.

### **Processing of the Hutti- Maski belt PL applications**

The Director, Mines & Geology, Government of Karnataka is currently processing our HuttiMaski belt PL applications in accordance with the Supreme Court judgement awarded in favour of DESPL in May 2018. Shareholders are requested to refer to the section titled "Status of mineral concession applications" for details.

## REPORT ON EXPLORATION

### DHARWAR SHIMOGA BELT PROJECTS

#### (1) BACKGROUND INFORMATION

Dharwar-Shimoga greenstone belt project forms part of Archaean Western Dharwar Craton in the State of Karnataka (Fig-3). Deccan Exploration Services Private Limited (DESPL), a subsidiary of Deccan Gold Mines Limited (DGML), explored an area of around 5000 sq km of the Dharwar-Shimoga Greenstone belt covered under 2 RP blocks and identified 22 gold prospects (Fig-3, 4). 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-Karajgi Cluster) are considered as significant discoveries (Fig-4).

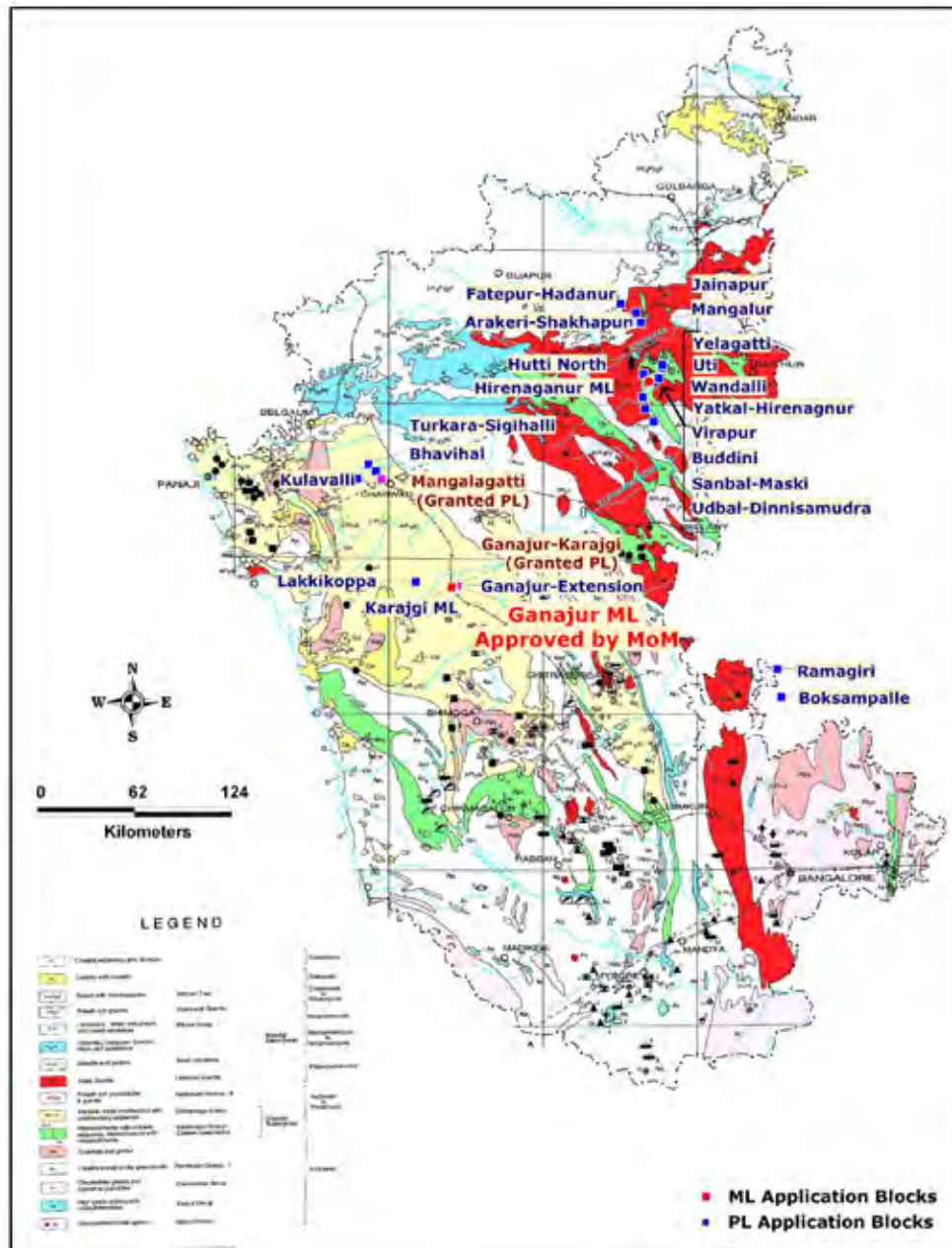


Fig-3: Geological map of Karnataka showing DESPL applications

DESPL submitted a total of Seven (7) Prospecting License (PL) and two (2) Mining Lease (ML) applications, covering all the important prospects of Dharwar-Shimoga basin. All these applications of DESPL are in compliance with the provisions of Section 10 A of the New Mines & Minerals (Development & Regulations) Act – (MMD&R) act that was promulgated by the Government of India in March 2015. Please refer to the status of application presented separately.

A Mining Lease application covering the most important Ganajur Gold Deposit has been approved by the Ministry of Mines, Government of India on 24th July 2015. The Grant Notification from the Karnataka State Government is awaited.



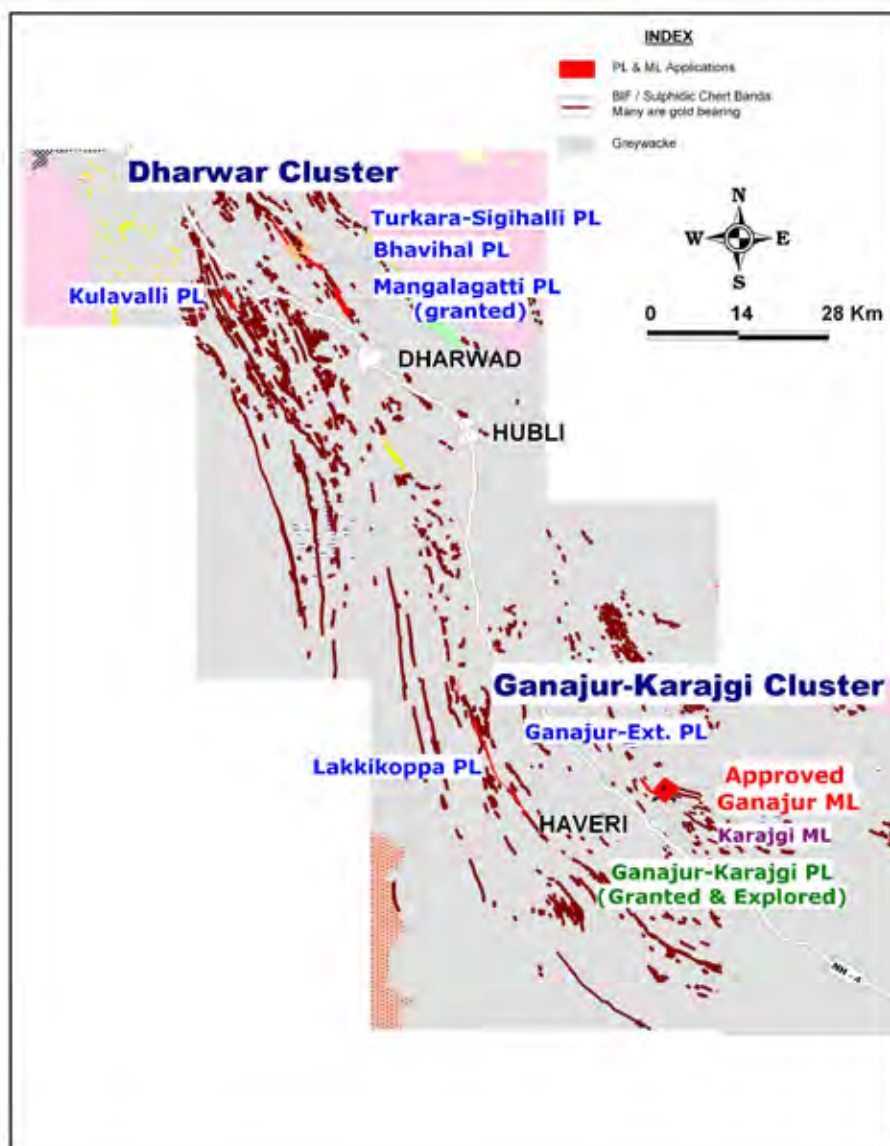


Fig-4: Dharwar -Shimoga Basin, Details of Leases/Applications

#### GANAJUR MAIN GOLD DEPOSIT & ITS SATELLITE PROSPECTS IN THE GANAJUR – KARAJGI CLUSTER

DESPL has been exploring the Ganajur-Karajgi Block since the RP was granted in 2004. Exploration was carried out under different phases as per international norms. The discovery of an open pit mineable resource in Ganajur Main has been one of the significant achievements for the company. Apart from Ganajur Main Deposit, DESPL has been successful in delineating seven satellite prospects viz., Ganajur East, Ganajur South, Ganajur South East, Ganajur Central, Karajgi Main, Karajgi East and Hut prospects (Fig-5). DESPL has submitted a Mining Lease application covering all the satellite prospects over an area of 2.8 sq.kms. Ganajur Main ML application (0.29 sq.kms) has already received approval from the MoM and we are awaiting the grant notification from the Karnataka State Government. DESPL has also submitted another Prospecting Licence over an area of 8.0 sq.kms around the two ML areas.

Please refer to Status of Applications for an update on application for other prospects (Fig-6).

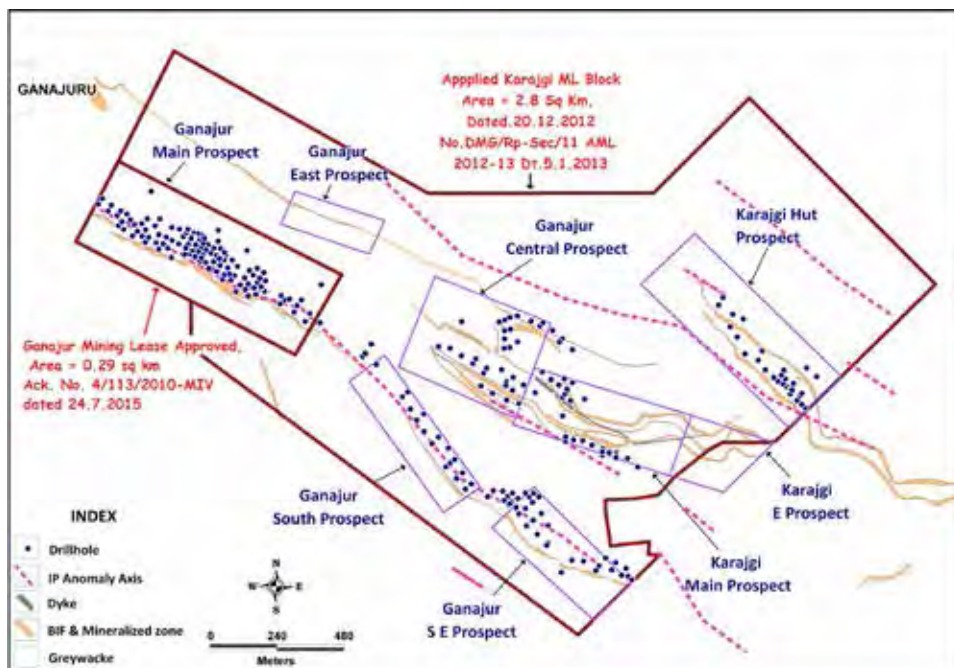


Fig-5 - Ganajur-Karajgi Cluster showing the satellite prospects

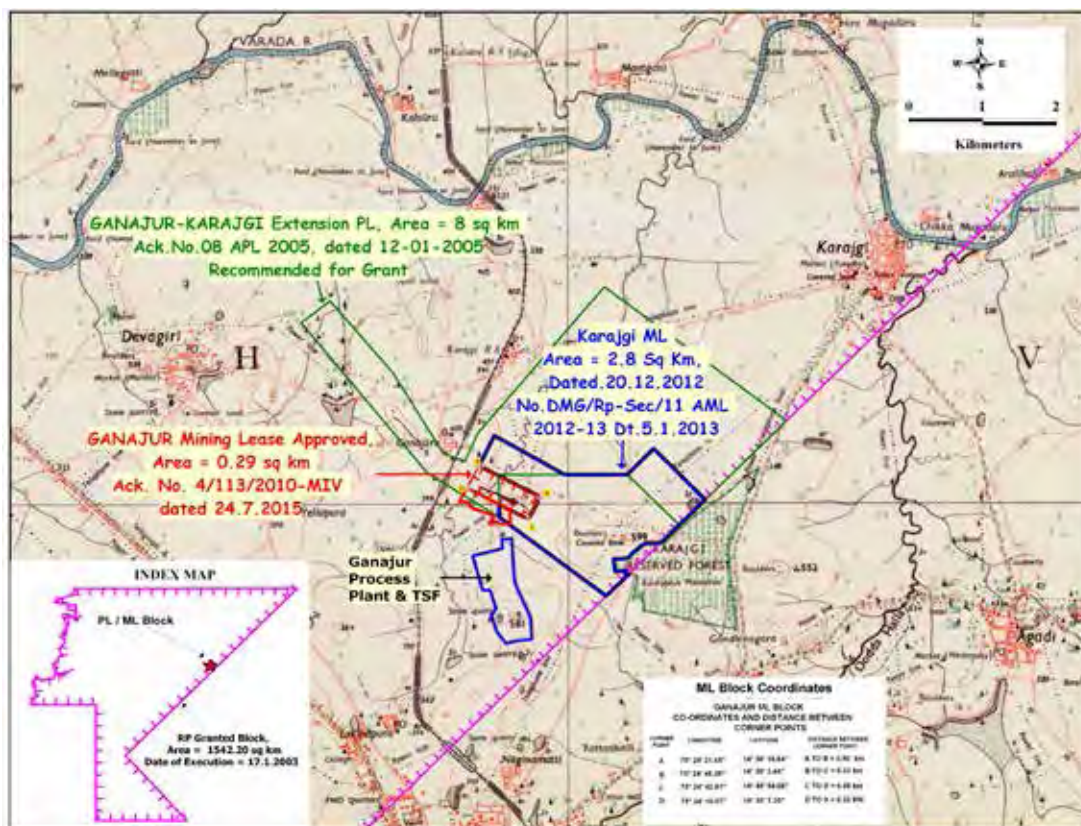


Fig-6: Ganajur-Karajgi Cluster showing the Ganajur M.L. and other lease applications.

The complete summary of the work carried out between years 2009 and 2016 in the Ganajur-Karajgi Block is given hereunder in Table-1:

Table-1

SUMMARY OF EXPLORATION WORK CARRIED OUT IN GANAJUR-KARAJGI BLOCK				
SL NO	TYPE OF EXPLORATION	UNIT	QUANTUM	
1	TOPOGRAPHIC SURVEY	SQ.KMS	2.2	
2	GEOLOGICAL MAPPING (1: 2000 AND 1:5000 SCALE)	SQ.KMS	2.2	
3	GROUND GEOPHYSICAL MAGNETIC SURVEY	LINE KMS	288	
4	GROUND GEOPHYSICAL SP-RESISTIVITY SURVEY	LINE KMS	24.83	
5	GROUND GEOPHYSICAL IP SURVEY	LINE KMS	31.25	
6	GROUND GEOPHYSICAL EM SURVEY	LINE KMS	9	
7	TRENCHING	LENGTH (M)	2838.8	
8	SAMPLING AND ANALYSIS	Nos	6426	
9	DRILLING			
	A. RC DRILLING (69 DRILL HOLES)	METRES	3861.00	
	B. DIAMOND CORE DRILLING (143 DRILL HOLES)	METRES	10300.48	
	C. GEOTECHNICAL DRILLING (MINE AND PLANT SITE (7 DRILL HOLES)	METRES	393.00	
	TOTAL DRILLING	14554.48		
10	COMPREHENSIVE METALLURGICAL AND GEOCHEMICAL TESTING CONDUCTED FOR GANAJUR GOLD MINING PROJECT			
	A} COMPREHENSIVE METALLURGICAL STUDIES (AMMTEC) SULPHIDE ORE	KGS	200.000	COMPLETED
	B} COMPREHENSIVE METALLURGICAL STUDIES (AMMTEC) OXIDE ORE	KGS	102.806	COMPLETED
	C} SULPHIDE VARIABILITY SAMPLES	KGS	252.757	COMPLETED
	D} OXIDE ORE METALLURGICAL TEST	KGS	31.708	COMPLETED
	TOTAL	KGS	587.271	
	E} ARD STUDY (Acid Rock Drainage, sulphur and leach studies)	SAMPLES	31	COMPLETED
	F} PREG ROBBING INDEX TEST	SAMPLES	82	COMPLETED
	G} MULTI-ELEMENT ANALYSIS	SAMPLES	214	COMPLETED
	H} WASTE ROCK ANALYSIS	SAMPLES	43	COMPLETED
	I} KINETIC TEST STUDY OF WASTE ROCK @ Geostratum, South Africa	SAMPLES	3	COMPLETED
11	ENVIRONMENTAL BASE LINE DATA COLLECTION AIR, DUSTFALL, NOISE, WATER, SOIL	SAMPLES	207	COMPLETED
12	WATER CHEMISTRY SAMPLING	SAMPLES	38	COMPLETED
13	GEOTECHNICAL STUDIES-MINE AND PROCESS PLANT, TSF AREA			COMPLETED



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14	SCOPING/PRE-FEASIBILITY STUDIES PROJECT BY SRK INDIA			COMPLETED
15	FEASIBILITY STUDIES OF GANAJUR PROJECT BY SNOWDEN MINING INDUSTRY CONSULTANTS PTY LTD., AUSTRALIA			COMPLETED
16	LAND ACQUISITION			IN PROCESS

### FEASIBILITY STUDIES FOR GANAJUR GOLD PROJECT:

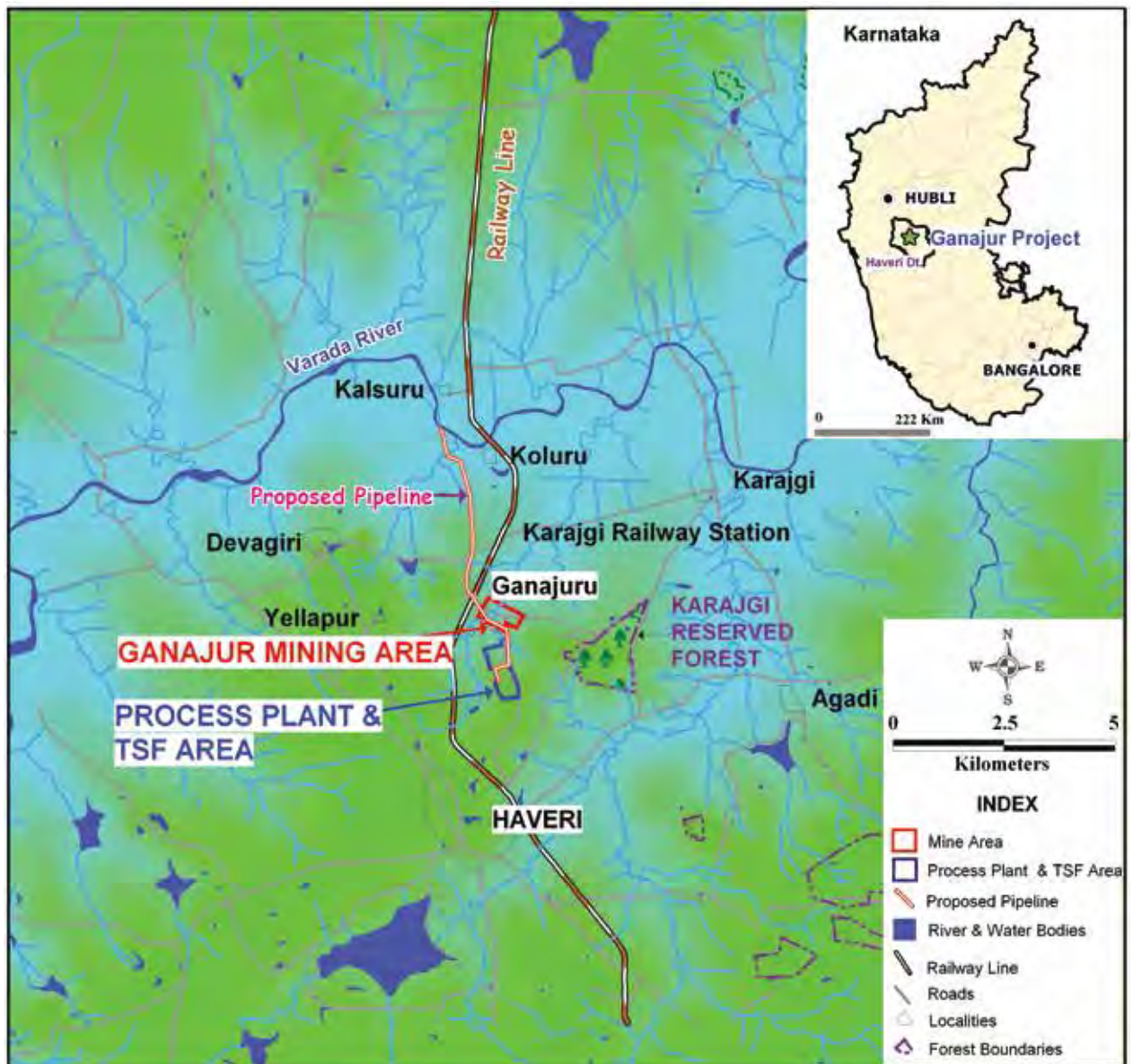


Fig-7: Ganajur Gold Project Location, Haveri Taluk & District, Karnataka.



DGML appointed an internationally reputed Geological and Mining Consultant Snowden Mining Industry Consultants (Snowden) based in Perth for undertaking bankable feasibility studies (FS) for the Ganajur Gold Project (Fig-7) of its subsidiary Deccan Exploration Services Private Limited (DESPL).

A feasibility study is an evaluation of a proposed mining project to determine whether the mineral deposit can be mined economically and to definitively proceed with the project. Snowden has demonstrated the economic viability of the project and submitted a revised Mineral Resource estimates and Ore Reserves. The Australasian Code for Reporting of Exploration Results ('the JORC Code') 2012 Edition was used to identify economic Mineral Resources and Ore Reserves. DESPL has concluded that based on study inputs and outcomes, the Ganajur Gold mine is an economically attractive and robust project that can be developed into a viable gold producing operation. DESPL is seeking to establish an open pit gold mine and 0.3 million tonnes per annum (Mtpa) processing plant at Ganajur in Haveri District .

### **HIGHLIGHTS OF FS:**

The document encompasses an elaborate study of every discipline required to take the Ganajur Gold Mine into production. The FS covered the following disciplines in a comprehensive manner. Several experts, both in country and abroad were heavily involved in completion of the FS as per International Standards. FS covered the following studies in detail:

- Introduction to the Project
- Geology and Mineral Resource estimates
- Metallurgical testing and recovery
- Process and plant description
- Mining engineering and Ore Reserve estimates
- Surface geotechnical and tailings disposal
- Project infrastructure (including roads, power supply and distribution, water supply and storage, buildings)
- Marketing information on gold production
- Geochemistry
- Hydrogeology and Hydrology
- Environmental studies, permitting and social or community impact
- Cost analysis
- Economic analysis
- Risks and Opportunities
- Recommendations
- Interpretation, development and conclusions

The full FS report has been uploaded on the DGML website, [www.deccangoldmines.com](http://www.deccangoldmines.com). Key outcomes of the FS is summarized below:

### **Geology and Mineral Resource estimate:**

Snowden processed the entire exploration data and a revised resource model was prepared. Based on the revised resource model Snowden estimated a Mineral Resource for the Ganajur Main Gold deposit as per JORC 2012 (Table-2) Snowden has expressed its satisfaction at the overall QA/QC procedures adopted by DESPL. Please refer to the paragraph headed "Up gradation of Mineral Resources to Ore Reserves" wherein the quantum of up gradation has been provided.

Table 2 - Mineral Resource estimate

Classification	Deposit	Tonnes(kt)	Au
Measured	Oxide	0.580	2.8
	Sulphide	1.700	4.0
	<b>Total Measured</b>	<b>2.300</b>	<b>3.7</b>
Indicated	Oxide	0.130	1.9
	Sulphide	0.320	2.1
	Total Indicated	0.450	2.1
	<b>Total</b>	<b>2,700</b>	<b>3.4</b>
Inferred	Oxide	100	2.3
	Sulphide	110	2.3
	<b>Total Inferred</b>	<b>210</b>	<b>2.3</b>

Metallurgy:

As part of the FS significant amount of metallurgical test work was carried out at various laboratories such as AMTEL in Canada, ALS Perth, and Brisbane in Australia and Shiva Analyticals in India. Flotation test results on the sulphide ore have indicated a sulphidesulphur recovery of 97% and gold recovery of 95%. However, overall gold recovery after UFG and CIL leaching for the Sulphide Ore has been estimated to be 79%, whereas Oxide Ore indicated 90% over all gold recovery. Metallurgical studies were completed under the guidance of DGML's Process Engineer Mr John Fodor based in Perth, Australia.

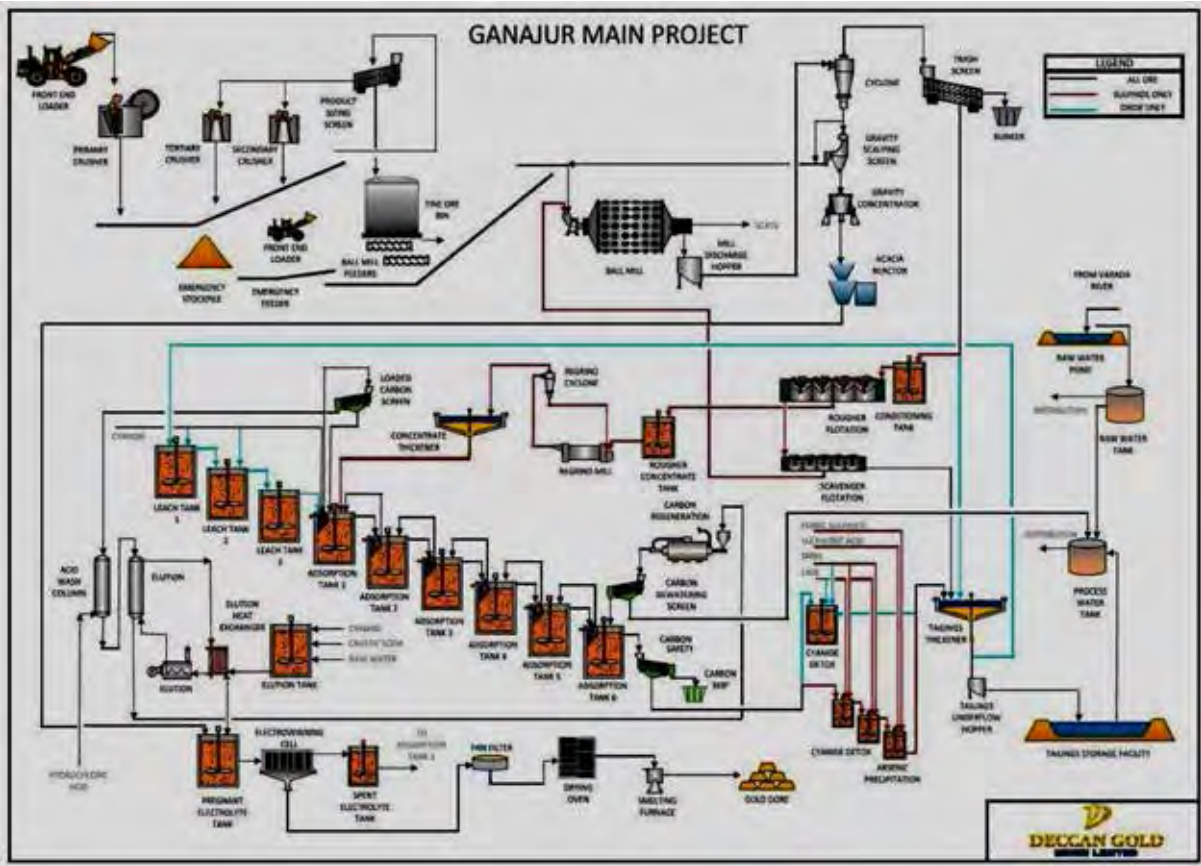


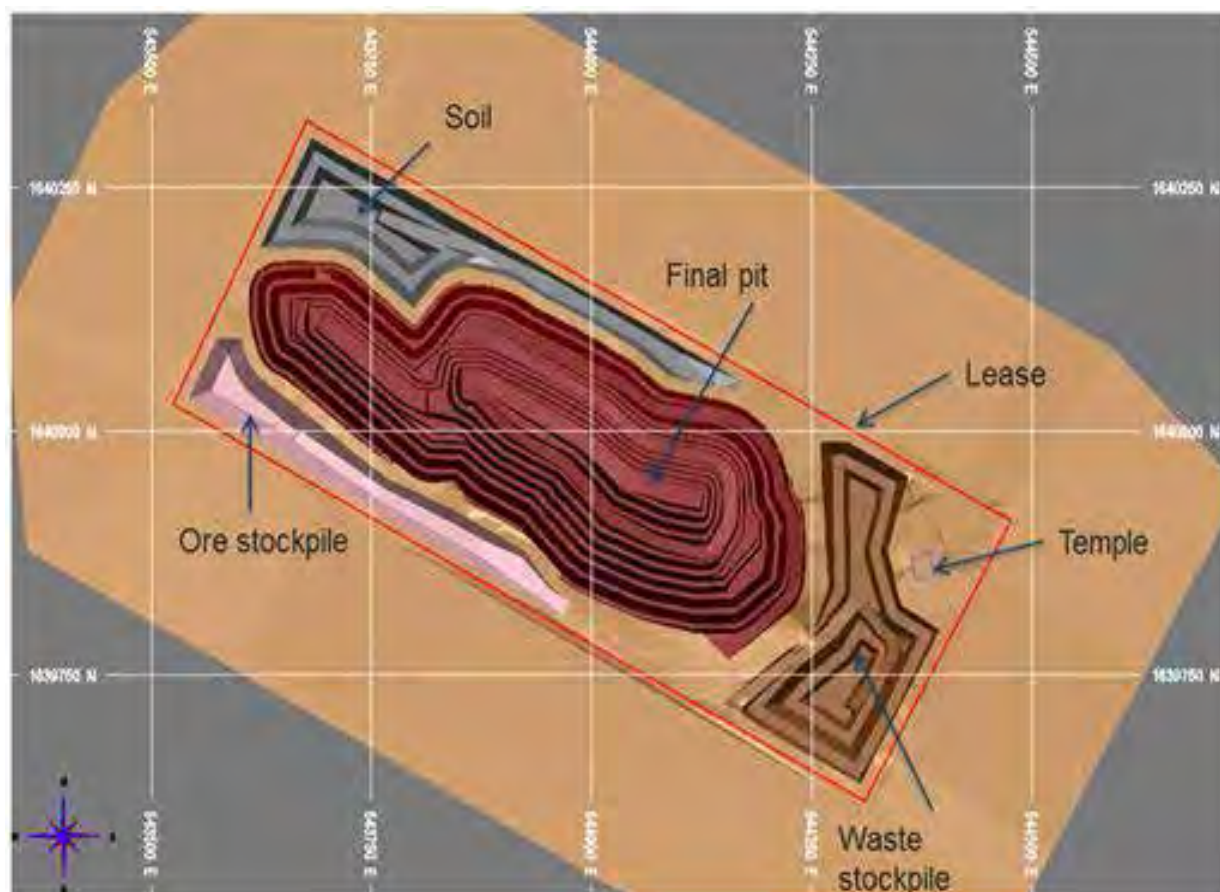
Fig-8: Process Flow Sheet

### Ore Processing:

The FS metallurgical test work program focused on developing a gold recovery route on the predominant sulphide mineralization via a process flow sheet that involved flotation followed by the ultrafine grinding (UFG) and Carbon in Leach (CIL) on the sulphide concentrates. This flow sheet was assessed as the most likely process route that would provide the maximum NPV for the Ganajur Project. The process plant will treat 0.3 Mtpa of gold-bearing ore with a crushing availability of 70% on a single shift and an overall plant availability of 91.3%. The complete flow sheet of the process route is furnished as Figure-8.

### Mining:

The mining method suggested by Snowden is conventional open pit mining with load, haul and drill blast activities performed by an experienced mining contractor(Fig-9).It is planned that the mining contractor will buy back the waste for use in their civil operations elsewhere, subject to an off take agreement with DESPL.The Ganajur gold ore comprises layers of Oxide Ore followed by Sulphide Ore and will be mined at the rate of 0.3 Mtpa.



**Fig-9: Ganajur Gold Mining Lease Layout.**

### Up gradation of Mineral Resources to Ore Reserves:

Snowden has estimated 2.14 million tonnes (Mt) @ 3.63 grams per tonne (g/t) gold as Proved Ore Reserves, and 0.37 Mt @ 1.98 g/t gold as Probable Ore Reserves for the Ganajur Main Gold Deposit (Table-3).. It is to be noted that out of 300,000 ozs of gold estimated under Measured and Indicated Resource categories, 273,000 ozs are now placed under Proved and Probable Ore Reserves; Measured Resource has been upgraded to Proved Ore Reserves, while Indicated Resource has been upgraded to Probable Ore Reserves. Proved Ore Reserves account for 85% of the total Ore Reserves, which is a significant milestone for Ganajur Gold Project.

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**Table 3- Summary of Ore Reserves**

Classification	Deposit	Tonnes (Mt)	Au (g/t)
Proved Ore Reserve	Oxide	0.568	2.76
	Sulphide	1.567	3.94
Total Proved Ore Reserve		2.135	3.63
Probable Ore Reserve	Oxide	0.122	1.78
	Sulphide	0.250	2.08
Total Probable Ore Reserve		0.372	1.98
<b>Total Ore Reserve</b>		<b>2.506</b>	<b>3.38</b>

### Financial Analysis:

The financial model demonstrates net cash flows of USD 133 million (M) before tax over the life of the mine (LOM). The Net Present Value (NPV) at 5% DCF is USD 91.6 M and USD 61.4 M before and after tax respectively. The Internal Rate of Return (IRR) is a very healthy 39.1% and 29.6% before and after tax respectively, and the payback period for the Project is 2.7 years. The gold price used for the above calculations is USD 1250 per ounce (oz).

The key inputs and the results of the financial analysis are presented in the following Tables 4-7.

**Table 4- Economic model inputs**

Item	Unit	Value
Pre-production	years	1.75
Life of process production	years	8.35
Project life	years	10.1
LOM ore mined	Kilo tones (kt)	2,506
LOM waste mined	kt	9,237
LOM total material mined	kt	11,743
Strip ratio Waste : Ore	3.68	
LOM ore processed	kt	2,506
LOM average Au grade	%	3.38
LOM average Au recovery sulphide ore	%	79.0
LOM average Au recovery oxide ore	%	90.0
LOM average gold recovery	%	81.7
LOM contained ounces	Kilo ounce (koz)	273
LOM recovered ounces	koz	221
Average annual gold produced	koz	27
Plant throughput (average)	Mtpa	0.30
LOM Au price	USD/oz	1,250

**Table 5- Summary of total Life of Mine costs**

Item	Unit	Value
Pre-production capital	USD M	46.6
Production sustaining capital	USD M	3.1
Total Capital Costs	USD M	49.7
Total Mining	USD M	21.6
Total Processing	USD M	55.8
Onsite Labour	USD M	1.2
Total Operating Costs	USD M	78.5
Royalties	USD M	14.9
Taxation	USD M	39.8
TOTAL ALL COSTS	USD M	183.0

**Table 6 - Economic model headline results before taxation**

Item	Unit	Value at USD 1,250/oz Au
Net cash flow	USD M	133.0
NPV5	USD M	91.6
IRR	%	39.1

**Table 7 - Economic model headline results after taxation**

Item	Unit	Value at USD 1,250/oz Au
Net cash flow	USD M	93.1
NPV5	USD M	61.4
IRR	%	29.6

**Capital cost:**

The total pre-production capital cost for the Project is USD 46.6 M. CPC Project Design Pty Ltd (CPC), Perth, completed the engineering design for the processing plant and related infrastructure. CPC also estimated the total capital cost for the Project. Summary of significant capital costs have been noted in the table below (Table 8).

**Table 8 – Significant capital cost summary**

Description	USD M
Mining	0.874
Process plant	19.028
Process plant infrastructure	5.043
Infrastructure plant and equipment	4.284
Construction indirects	2.153
Indirect costs	14.961

**Break Even:**

A break even analysis after taxation was undertaken on the gold price and gold grade for NPV (Table 9). The analysis shows that the Project breaks even at a gold price of USD 701/oz of gold and gold grade of 1.90 g/t as compared to the average gold grade of 3.4 g/t at Ganajur Main Gold deposit.

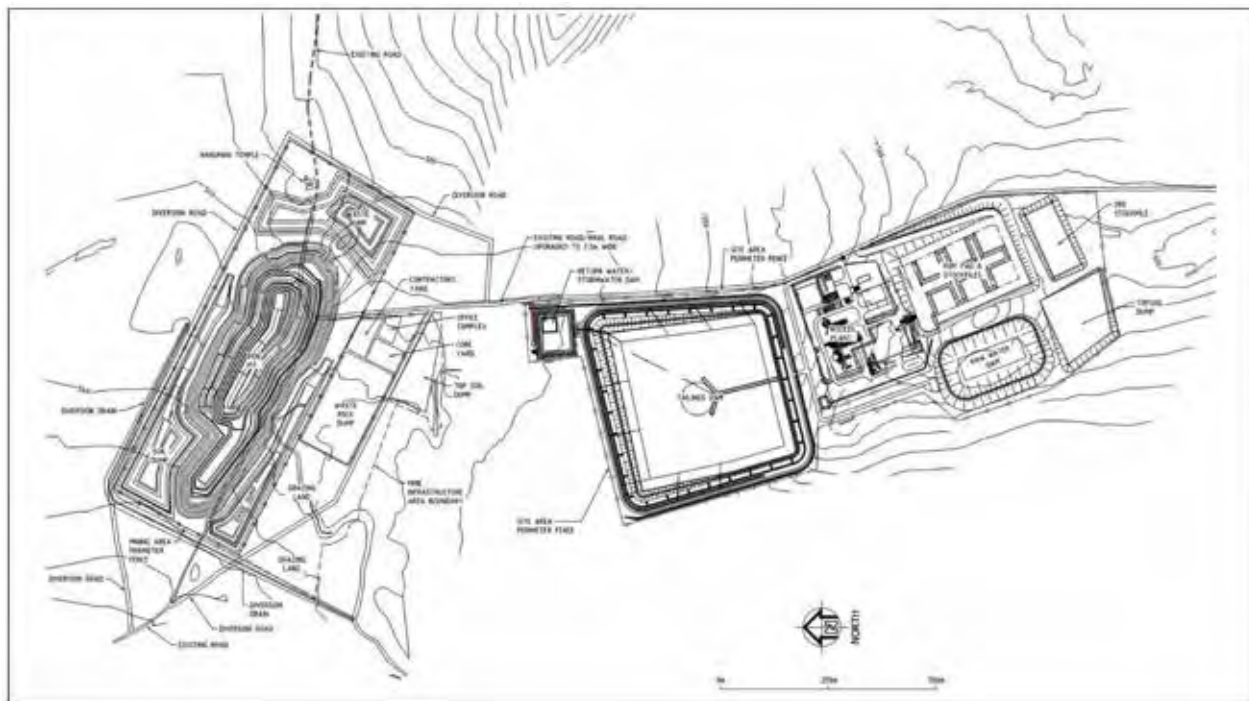
## DECCAN GOLD MINES LIMITED

**Table 9 - Break even analysis**

Item	Unit	Breakeven
Gold price	USD/oz Au	701
Gold grade	g/t Au	1.90

### **Tailings Storage Facility (TSF):**

The Ganajur Gold Project infrastructure will include a TSF, a return water dam and storm dam, and other surface water management measures(Fig-10).The TSF is proposed to be located immediately north of the Processing Plant. Prime Resources (Pty) Ltd, who specialize in environmental engineering and TSF design and are based in South Africa, issued a final recommendation for the selection of an upstream TSF design.



**Fig-10- Ganajur Gold Project- Plant Site & Mine Site Lay out**

Ganajur Main Gold deposit was explored adequately and mineable ore reserves have been established as per JORC 2012 guidelines. Ganajur Main Deposit is part of the larger hydrothermal system that includes all other satellite prospects. A mineralized zone of 900 metres strike length has been defined upto a depth of 120 metres. Due to constraints in size of the ML area (0.29 sqkms) it is difficult to explore the strike extension of the Ganajur Main mineralization.

However DESPL has also lodged another ML application over an area of 2.8 sq.kms covering the satellite prospects. The exploration during PL has resulted in defining drilled resources in Karaji Main and Ganajur SE Prospects and so there is definite need for undertaking extensive drilling in the applied ML area in order to find more resources.

### **Geophysical IP Survey**

The geophysical survey with a combination of Transient Electromagnetic Survey (TEM) and Induced Polarization (IP) survey was used to delineate conductive zones and also to locate geological structures favorable for hosting gold mineralization in the entire Ganajur –Karaji Block. DESPL completed an initial 32.25 line kms of IP survey



that defined a major resistive feature in the southern half of the survey area. The IP survey has also clearly brought out a 2.8 km long, strong linear Chargeability anomaly (Fig-11, 12) with high resistivity background, which encloses the 900 metre long Ganajur Main Gold Deposit. The 2D Inversion model also indicates that the Ganajur Main ore body and its extension may continue beyond 150 metre depth.

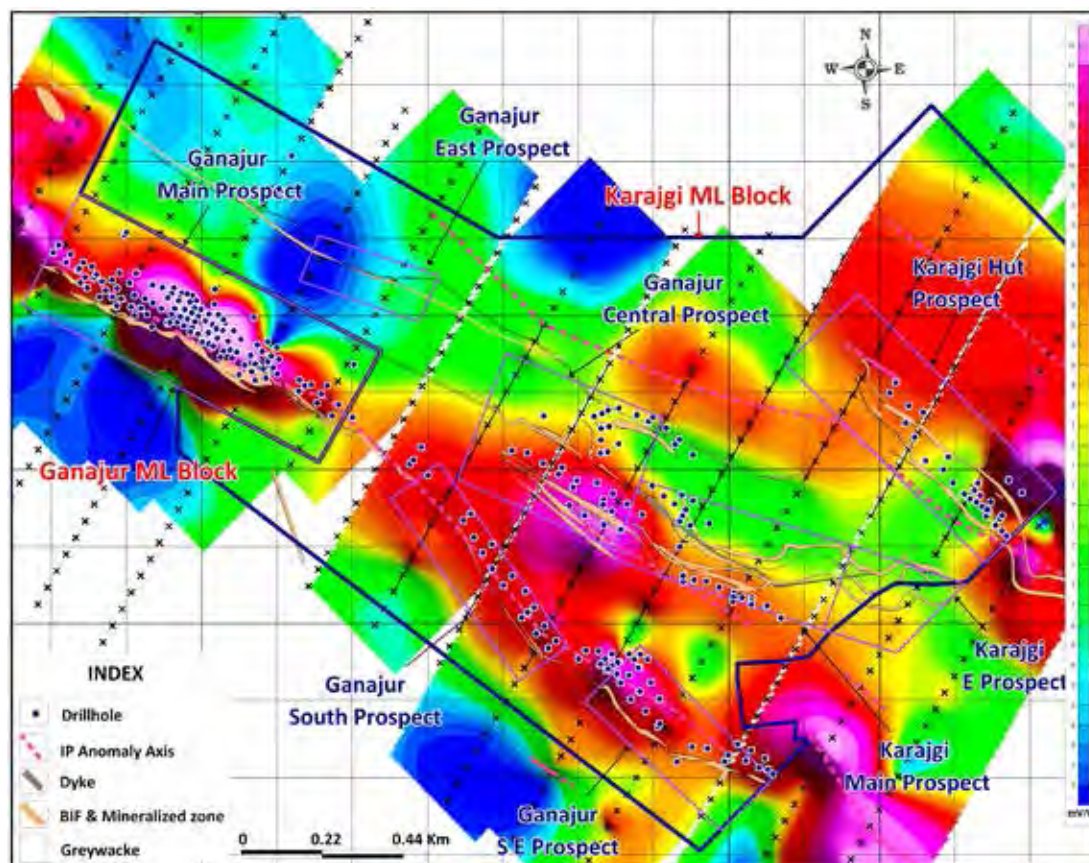


Figure-11. Geological map of Ganajur-Karajgi Cluster showing the IP anomalies and IP depth slice @ 50m-a50

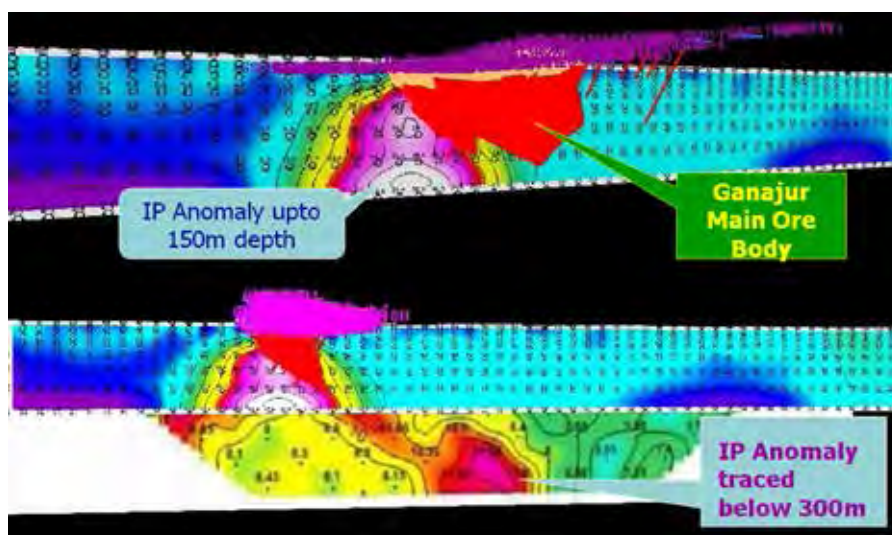


Figure-12. Ganajur Main Ore body and deep-seated IP chargeability anomaly

## DECCAN GOLD MINES LIMITED

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As already discussed while we are awaiting the grant of PLs in the Ganajur –Karajgi Block efforts were made to complete other related activities that are very essential for the project.

1. Topographic survey in the Ganajur gold ore process plant and other facility of Ganajur Gold Project covering an area of 183 acres (Fig-13).
2. As part of the environment impact assessment (EIA) and Environment Project Management (EMP), regular monitoring of ground water level survey was carried out. The main objective of ground water modeling of the study area is to simulate the ground water flow system in the mine pit and ore processing plant area and study the impact of gold ore mining activity and its processing for extraction of gold. The study should be able to evaluate existing ground water resources, quantum of ground water to be pumped out of the mine pit and impact of dewatering on the present ground water regime.

As per the preliminary conceptual modeling report recommendation, A total of 24 Monitoring wells were selected in & around Ganajur Gold Project area. Out of 24 monitoring wells six bore wells are in the vicinity of the ML area, 3 in and around processing plant area and rest 15 wells are in the watershed area of the project. This ground water level survey is important to understand the seasonal ground water fluctuations in monsoon, post monsoon, winter and summer seasons of the watershed area of Ganajur Gold project.

3. Collection of water samples for Pre and Post monsoon periods to study the water quality of the Ganajur Gold Project area. The study of chemical quality of water for the Pre-Monsoon period was undertaken in the month of April. The samples were collected from the 11 designated bore wells and the samples was analyzed at “Environmental Health and Safety Research and Development Center, Bangalore” Accredited by NABL, for chemical analysis.

The Chemical parameters and constituents of ground water that were analyzed for pH, electrical conductivity, total hardness, total dissolved solids, calcium, magnesium, sodium, potassium, chloride, iron, sulphate, nitrate and fluoride, arsenic, zinc, lead, mercury, copper and cyanide of the Ganajur gold project are well within the acceptable and permissible limits of BIS drinking water quality standards

4. Full scale Laboratory Metallurgical investigations involving Physical and Mineralogical Characterization of gold and its recovery test of Banded sulphidic chert core samples from Ganajur south East prospect is being undertaken at IBM, Regional Mineral Processing laboratory, Bangalore. The details of the test work proposed are as follows.

- Communion Test-Abrasion test. Bond Ball mill work index.
- Head chemical analysis for multi elements.
- Grind establishment test work.
- Gravity Separation.
- Sighter flotation test (7 duplicates) including tails.
- Bottle Roll. Cyanide leach (CIL) test.
- Ore Microscopy

- Detailed report of the test.

IBM has completed determination of Ball Mill work index and it was found to be 12.60 Kwh/short ton.



**Fig-13 Topographic survey in Ganajur-Gold Project Area**



## **5. Geological Mapping at Lakkikoppa Prospect**

Located at a distance of 13 kms South West of Shiggaon town and 15 kms NE of Hanagal, this PL block is 25 kms west of the Ganajur-Karajgi PL block. DESPL had submitted an application for PL over Lakkikoppa prospect covering an area of 5.0 sq,kms.

Extending over a length of 17 kms, this PL block covers three prospects viz., Jakkinayakan Koppa towards South, Badamgatti and Lakkikoppa in the Centre; and Shabal towards North. We have carried out detailed geological mapping over the important prospects within the applied PL Block. This information will be very important for planning detailed exploration programme once the PL is granted.

### **Ganajur Extension PL Block-**

We have applied for a PL over an area of 8.0 sq,kms that surrounds Ganajur Main gold deposit and also includes its North Western extension. The PL block has revealed geophysical signatures which are considered as the extensions of the satellite prospects. Our geologists have taken up a detailed geological mapping of the Ganajur North West prospect.

**Note: Due to delays in the grant of Mining Licences, very limited or no additional work was undertaken during the period under review for the following Projects viz., Ganajur South East Prospect, Karajgi Hut Prospect, Karajgi Main Prospect, Ganajur South, Ganajur Central, Mangalagatti and Bhavihal. However the details of these prospects are given below:**

### **Ganajur South East Prospect:**

Ganajur southeast prospect is located 1.2 km SE of Ganajur Main prospect. The mineralized body is a gossanous banded sulphidic chert hosted by greywacke & traversed by fine stringers of quartz-carbonate veins and is considered as the southeastern extension of Ganajur Main Gold Deposit. The prospect was discovered during exploration under an RP that was further confirmed by detailed trenching and drilling during the PL stage. Exploration under the RP and PL stage also defined gold mineralized zone for a length of 455 meters. Significant intersections were obtained that included gold value of 6.23 g/t over 15.0m width in one of the drill holes. Follow up geophysical IP survey had indicated a continuous high to moderate chargeability anomaly extending for nearly 2.8 kms that included Ganajur SE prospect.

Encouraged by these findings a close spaced diamond core drilling programme was carried out under PL. The drilling was in accordance with the international best practices and QA/QC procedures. Most of the drill holes intersected sulphidic chert band showing significant gold values. DESPL estimated a resource of 35000 ozs of gold that could be classified as indicated as per JORC standards (Subject to validation by an Independent Competent person).

The outcome of the preliminary exploration in Ganajur SE Prospect has confirmed our interpretation of finding additional gold Resources in the satellite prospects surrounding the Ganajur Main Gold Deposit.

DESPL has so far completed 2480 metres of drilling in Ganajur SE prospect along with with trenching, geochemical exploration. A mineralised zone of 600 metres has been delineated based on the above exploration. Mineralized zone exhibits pinch and swell structure and has similar characteristics as Ganajur Main prospect. Updated Geological map of Ganajur SE Prospect is shown in Fig.14.

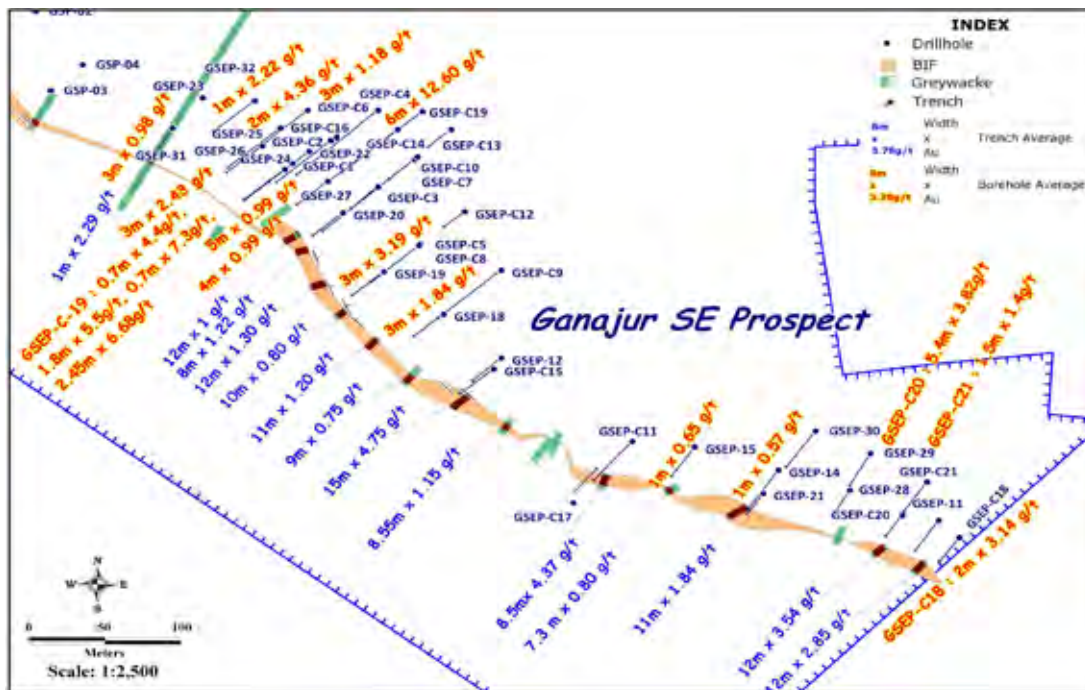


Fig.14. Geological Map of Ganajur SE Prospect with drill hole locations and trenches.

#### Karajgi Hut Prospect:

The Karajgi Hut prospect is located around 600m NE of Karajgi Main prospect (Fig-15). Geological mapping during PL indicated presence of two parallel BIF bands with a cumulative strike length of 530 meters.

Detailed review and critical analysis of the existing geological, structural and Geophysical data of Karajgi Hut prospect revealed favorable signature for hosting gold mineralization.

Based on the interpretation of the exploration data DESPL completed 816.80 m of diamond core drilling from 16 shallow drill holes and 351 metres of RC drilling. Results of drilling are furnished in Table-10.

Table-10: DETAILS OF DRILL HOLE WITH GOLD VALUES - KARAJGI HUT PROSPECT

DRILL HOLE	FROM (M)	TO (M)	WIDTH -m	GRADE Au g/t	HIGHEST Au VALUE
HPC-01	22.7	26.5	3.8	3.4	6.73
HPC-02	48.2	52	3.8	1.75	3.9
HPC-03	28.2	30	1.8	4.75	8.39
HPC-04	31.4	32.45	1.05	1.6	3.4
HPC-05	29.15	31.6	2.45	3.86	14.6
HPC-06	26.8	28.3	1.7	21.5	41.3
HPC-07	21.1	23.5	2.4	6.92	17.9
HPC-08	31.2	32.8	1.6	3.5	7.3
HPC-10	41	42.9	1.9	5.7	14.9
HPC-13	33.5	35.2	1.7	4.88	10
HPC-15	58.6	59.3	0.7	4.72	5
HPC-16	21.2	25.5	3.3	1.2	4.7

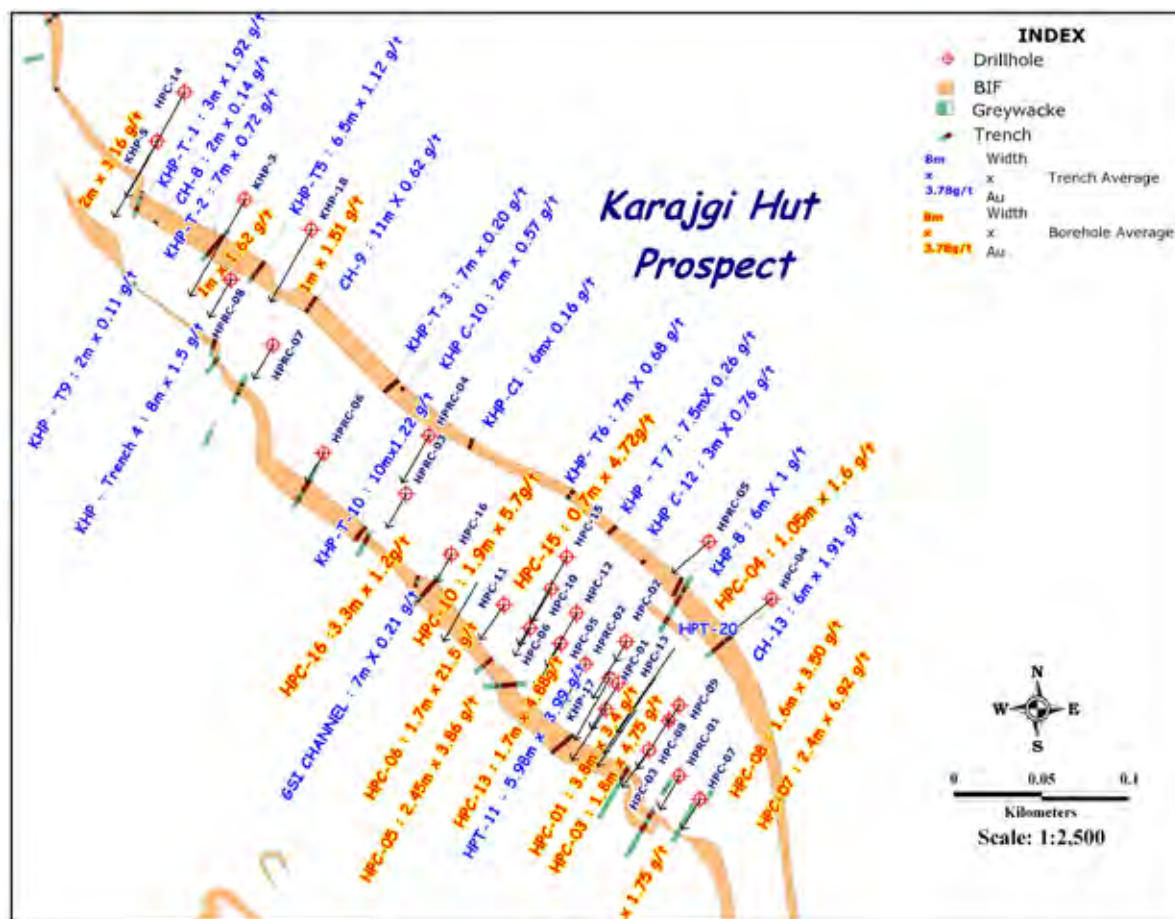


Fig-15, Geological Map of Karajgi Hut Prospect showing drill holes and Trench Locations.

Based on the exploration data a mineralized zone of 300 meters of strike length was delineated which is open along the strike and depth. The drill results of Karajgi Hut Prospect are very promising with high grade gold mineralization. The mineralized zone is narrow with a maximum width of 3.8 meters. The ore from this can act as sweetener for the Ganajur Main ore in the processing plant. .

### KARAJGI MAIN PROSPECT

Karajgi Main is located 1 km South East of Ganajur Main Prospect (Fig 16). It is rated by DGML as an important prospect in the PL block. Karajgi Main comprises of a southern auriferous BIF and two sulphidic chert bands towards the northern slope area designated as A and B with significant grade and width. Number of old workings is noticed all along these chert bands. The gold mineralization in the Karajgi Main Prospect is associated with a deformed iron formation. . The initial drilling during RP and PL revealed high grade gold intersections in many of the drill holes. Apart from this, significant IP geophysical signatures were observed over this prospect indicating potentiality of the same.

DESPL carried out an initial diamond core drilling to test the IP geophysical anomaly and also to understand structural controls of gold mineralization. One of the drill holes KMC-01 intersected two significant zones of gold mineralization. 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 have confirmed the existence of high grade gold bearing zones and distinct possibility of finding additional resources. Total drilling accomplished in Karajgi Main so far is 1638 metres.

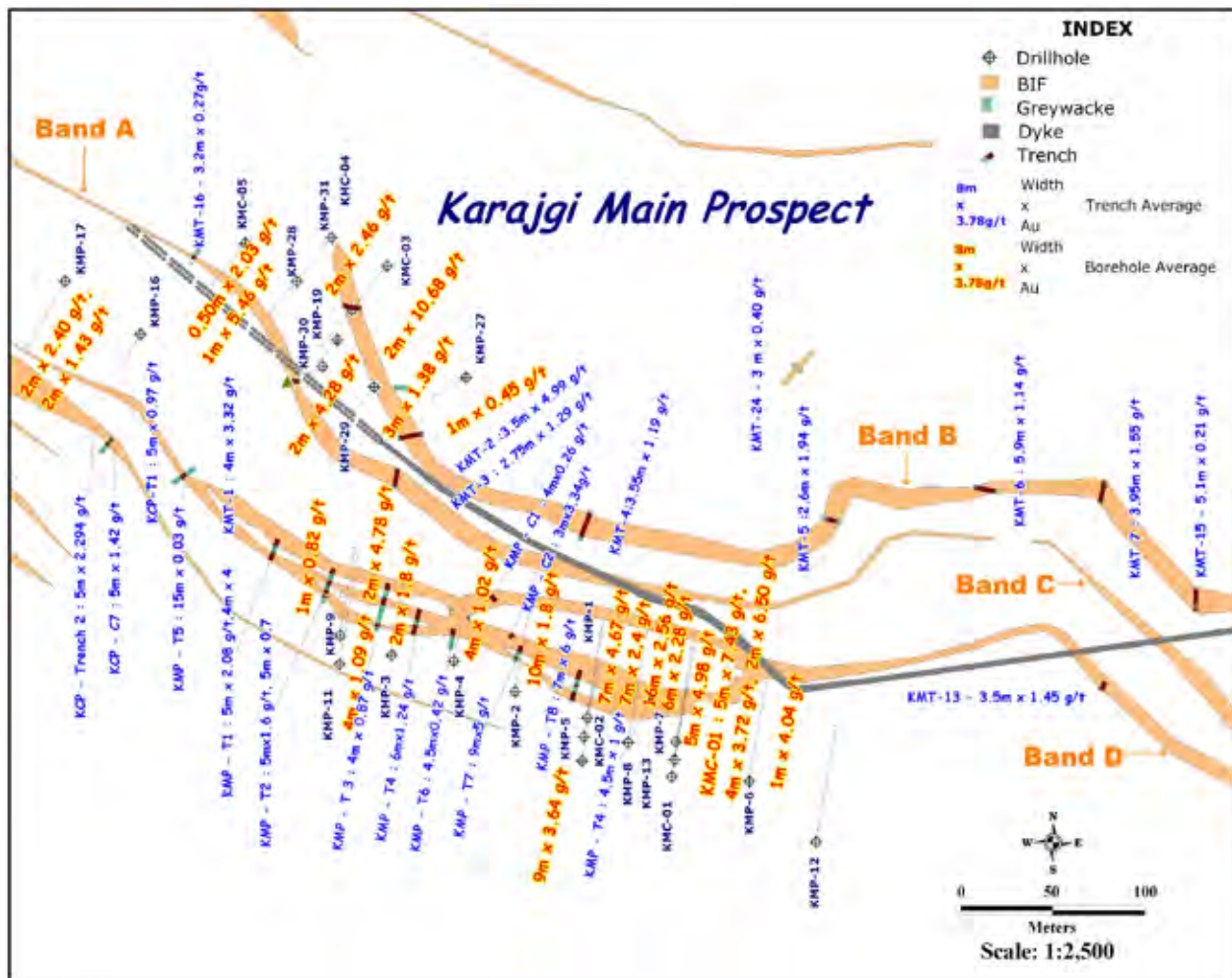


Fig-16, Geological map of Karajgi Main Prospect showing the drill hole locations.

DESPL compiled all the data generated under RP and PL stages in Karajgi Main prospect and a 3D resource model was generated.

A total of 3 auriferous zones were defined trending northwest and dipping towards northeast (Fig-17). Zone-1 and 2 with cumulative strike length of 360 metres with steep dips towards NE are the two branches that constitute the Karajgi main mineralised zone. Zone-3 with a strike length of 140 metres is on the northern slope of the Karajgi Main hill that is correlated to Band-A.

Based on these data DESPL re-estimated a resource of 26800 ozs averaging 3.06 g/t Au under JORC Indicated and Inferred categories equivalent of UNFC 211 and 221 categories. The resource was estimated up to a vertical depth of 80 metres. The true thickness of the ore body varies between 1.45 to 9.0 metres.



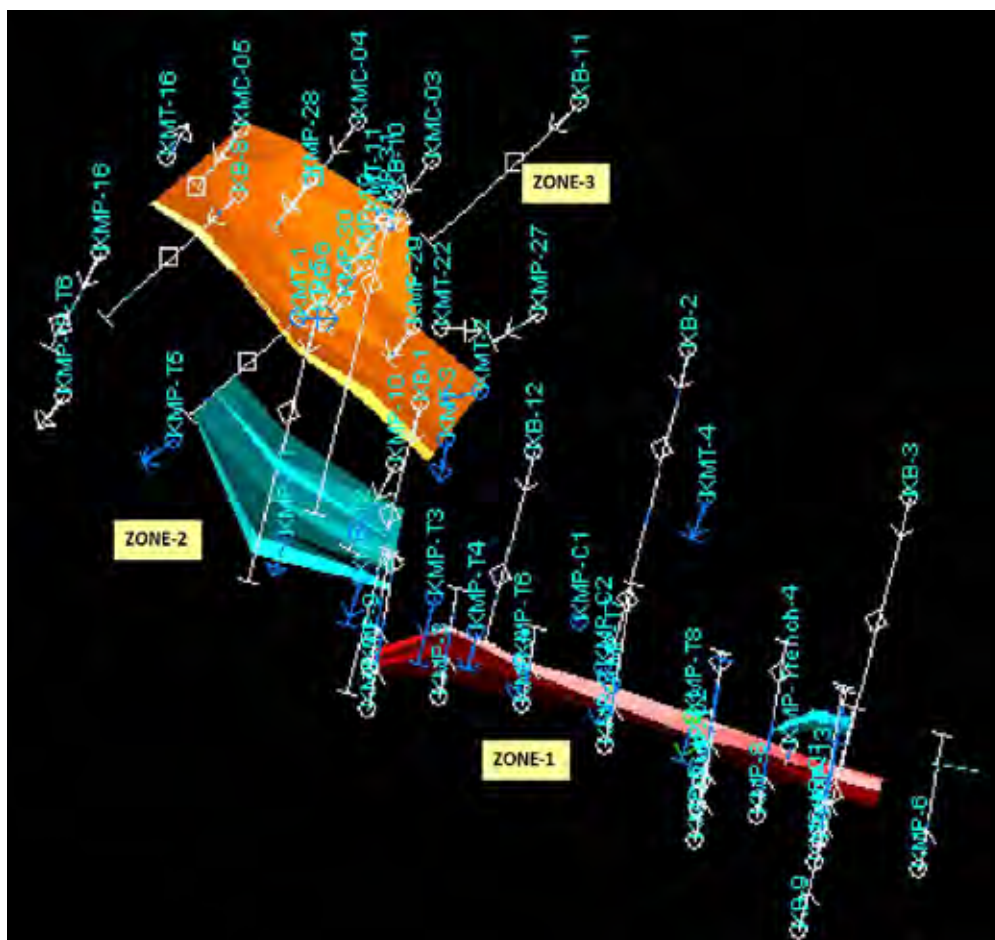


Fig-17, Plan View of the Karajgi Main Ore body

### GANAJUR SOUTH PROSPECT

Ganajur South Prospect is located between Ganajur Main and Ganajur SE Prospect. Based on the preliminary mapping and sampling an area consisting of 850 meters strike was delineated as potential target for detailed exploration.

IP geophysical data revealed a linear like intrusive structure with high resistivity and chargeability IP anomaly towards south east of the Ganajur Main Prospect. This anomaly coincides with the Ganajur South and South East Prospects. DESPL completed 424 meters of diamond core from 8 bore holes and 436 meters of RC drilling from 12 drill holes, in order to explore the IP anomalies. All the holes were targeted for intersecting mineralization at shallow depths. Two of the drill holes intersected mineralized chert analysing 5.67 g/t Au over 2.5 metres and 2.23 g/t over 2.0 meters width. Rest of the drill holes did not yield significant gold values in spite of intersecting the sulphidic chert bands. The drill hole data will be further studied to understand the structural control of gold mineralization.

### GANAJUR CENTRAL PROSPECT:

Ganajur Central Prospect is located north of Karajgi Main prospect and covers an area of 0.16sq.kms. Central Prospect comprises of several Parallel to sub-parallel BIF bands (Fig-18) which are considered as limbs of a larger folded structure. These limbs have been designated as E1, E2, F, G and H bands. Cumulative strike length of all the bands is 2.6 kms, DESPL has carried systematic exploration in this prospect that included Litho-structural mapping, trenching, channel sampling, bedrock geochemical sampling, R.C. and Diamond core drilling, ground geophysical survey etc. Summary of work carried out in this prospect under different phases are furnished in Table-11.

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**Table-11: Summary of Exploration Works carried out in Ganajur Central Prospect.**

SI No	Type of Exploration	Unit	Quantum
1	Topographic Survey	Sq.Kms	0.1632
2	Geological Mapping (1:2000 and 1:5000 Scale)	Sq.Kms	0.1632
3	Ground Geophysical Magnetic Survey (G-K PL Block)		
4	Ground Geophysical SP-Resistivity Survey	Meters	710m (6 Lines)
5	Ground Geophysical IP Survey (G-K PL Block)	Line Kms	31.25
6	Ground Geophysical EM Survey (G-K PL Block)	Line Kms	9
7	Trenching	Length (m)	590.60
8	Sampling and Analysis	No's	804
9	Drilling		
	A. RC Drilling (29 Drill Holes)	Meters	1230.00
	B. Diamond Core Drilling (5 Drill Holes)	Meters	396.80
	Total Drilling	Meters	1626.80

The area between Ganajur Central and Ganajur Main Prospects is generally soil covered with limited outcrops. IP Geophysical survey has revealed a moderate chargeability anomaly in this gap area. DESPL completed soil sampling, channel sampling and detailed geological mapping in the area to explore the presence of concealed gold bearing sulphidic chert bands. Updated geological map of Ganajur Central Prospect is shown in Fig-18. DESPL has also completed 1626 metres of drilling and the results are furnished in Table-12.

**Table-12: Details of Au mineralization intersected in the drill holes-Ganajur Central Prospect**

BHID	From (m)	To (m)	Width (m)	Average Grade Au g/t	Highest Au Value g/t	Band Name
GCP-1	0.00	3.00	3.00	1.59	2.37	G
GCP-1	33.00	37.00	4.00	18.31	32.87	G
GCP-2	31.00	33.00	2.00	3.92	5.69	G
GCP-4	36.00	37.00	1.00	1.46	1.46	F
GCP-4	45.00	46.00	1.00	1.17	1.17	F
GCP-7	12.00	14.00	2.00	6.33	10.90	F
GCP-7	18.00	19.00	1.00	1.81	1.81	F
GCP-10	31.00	33.00	2.00	1.02	1.12	G
GCP-11	21.00	22.00	1.00	1.18	1.18	G
GCP-16	5.00	7.00	2.00	1.95	2.08	F
GCP-16	14.00	16.00	2.00	1.27	1.90	F
GCP-17	17.00	19.00	2.00	1.11	1.23	F
GCP-17A	32.00	34.00	2.00	3.80	6.75	E2
GCP-18	19.00	20.00	1.00	2.37	2.37	E2
GCP-19	13.00	15.00	2.00	4.48	5.63	E2
GCP-20	20.00	24.00	4.00	2.24	4.12	E1
GCP-21	16.00	18.00	2.00	1.70	2.33	E1
GCP-24	15.00	17.00	2.00	2.60	4.48	E1
GCP-24	34.00	35.00	1.00	1.41	1.41	E1

GCP-28	29.00	32.00	3.00	7.90	11.59	E1
GCP-C1	44.60	46.10	1.50	1.37	2.47	G
GCP-C3	59.60	60.10	0.50	4.74	4.74	F
GCP-C3	60.60	61.10	0.50	2.45	2.45	F
GCP-C4	38.40	41.25	2.85	1.24	1.98	F
GCP-C4	42.00	42.50	0.50	1.01	1.01	F
GCP-C5	26.50	27.00	0.50	4.27	4.27	E2
GCP-C5	36.80	37.40	0.60	2.92	2.92	E2

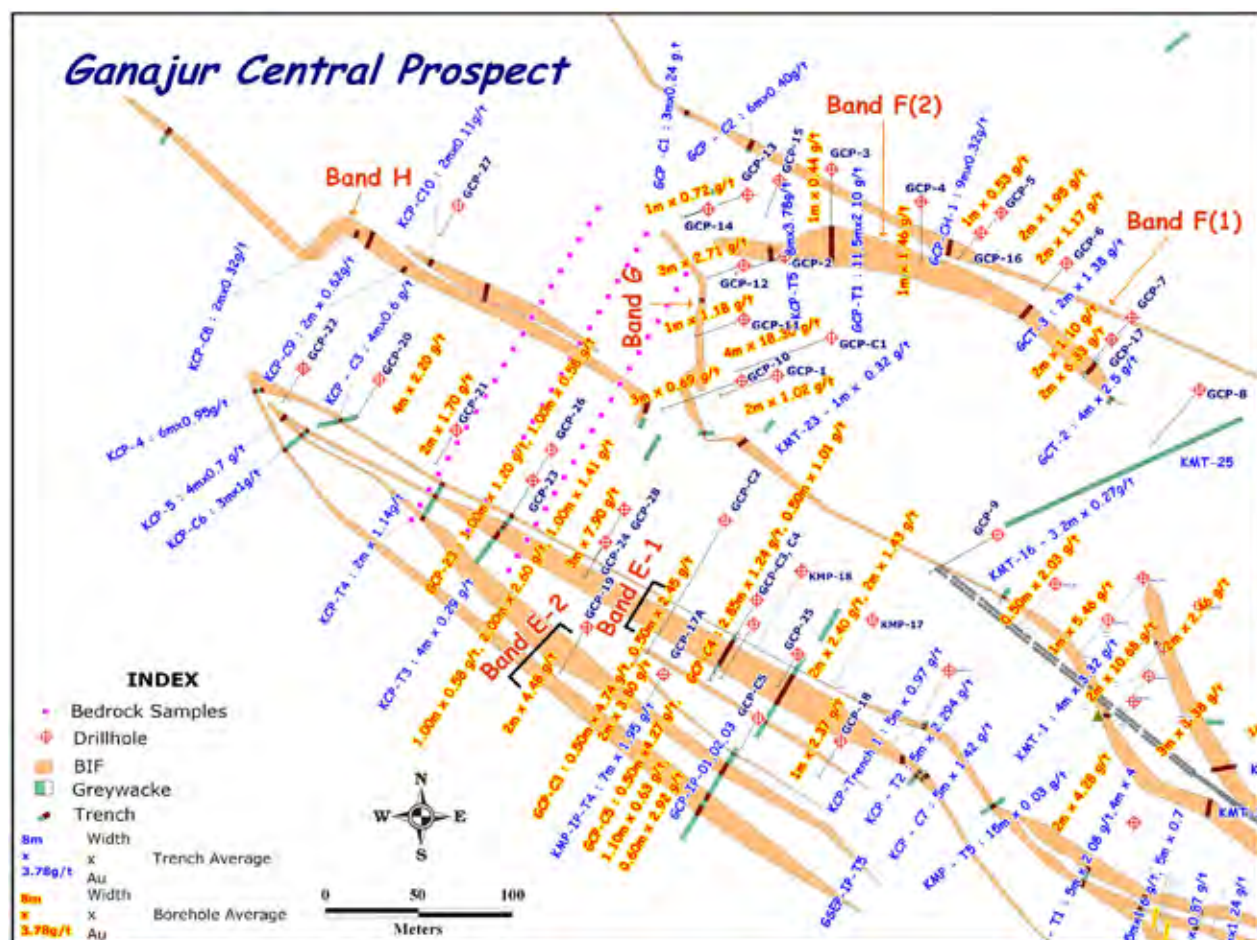


Fig -18: Geological map of the Ganajur Central prospect

## DHARWAR CLUSTER

DESPL explored a total of 3450 sq.kms under Dharwar RP to identify gold bearing 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 (Fig-4). The Dharwar cluster (Fig-19) comprises of Mangalagatti SE, Mangalagatti Main, East and Bhavihal, Kulavalli and Turkara-Sigehalli prospects. All these are considered as highly potential like the Ganajur-Karajgi cluster near Haveri.

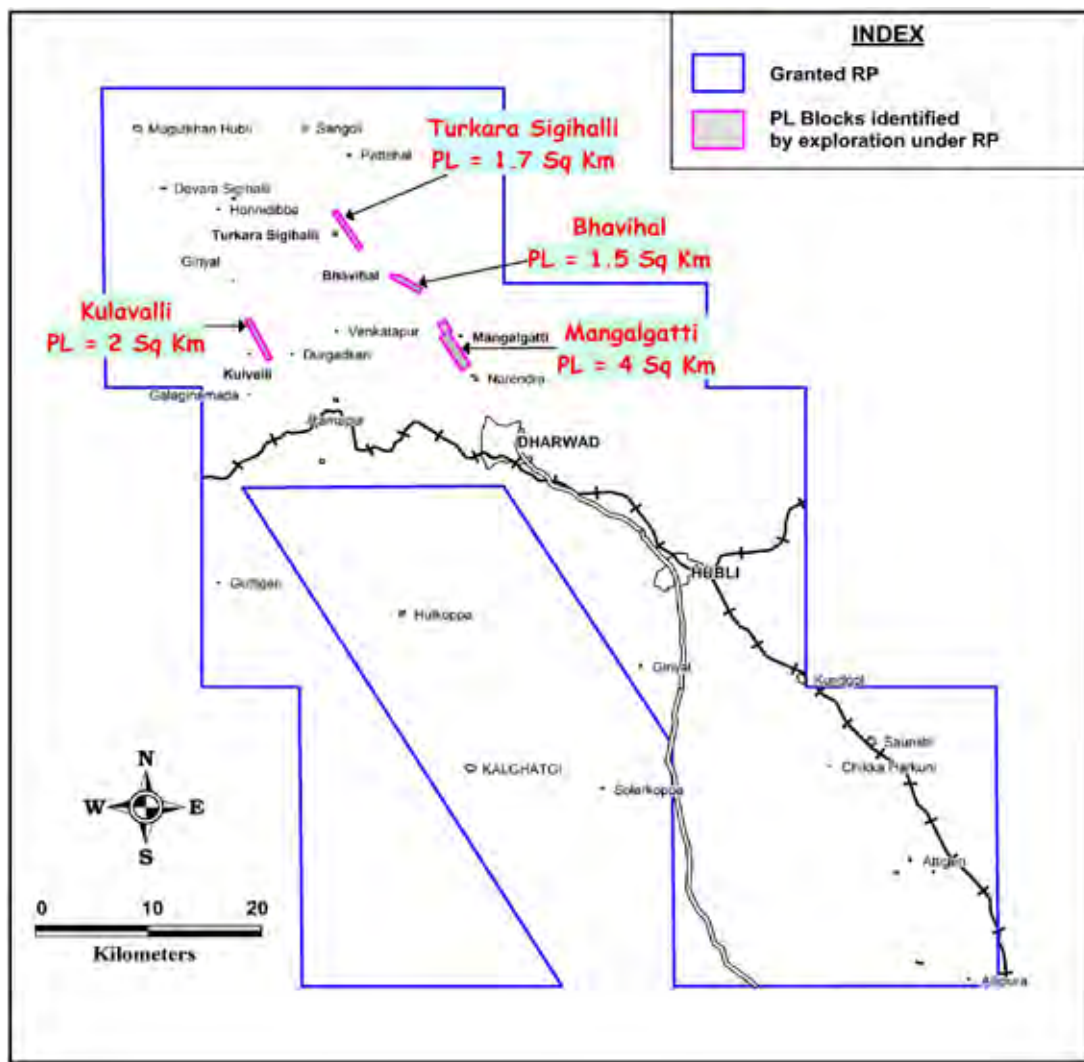


Fig-19, Map showing the Dharwar cluster of PL applications:

### MANGALAGATTI PROSPECT:

Initial exploration during the RP tenure in the Mangalgatti SE prospect by RC drilling and channel sampling had revealed significant gold mineralization. Gold mineralization is hosted by south-easterly plunging folded banded iron formation. Two auriferous zones extending for nearly 500 meters over a width of 30 meters 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 meters 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-20).



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 continues to greater depths below 200 meters with sharp increase in the intensity of the anomaly.

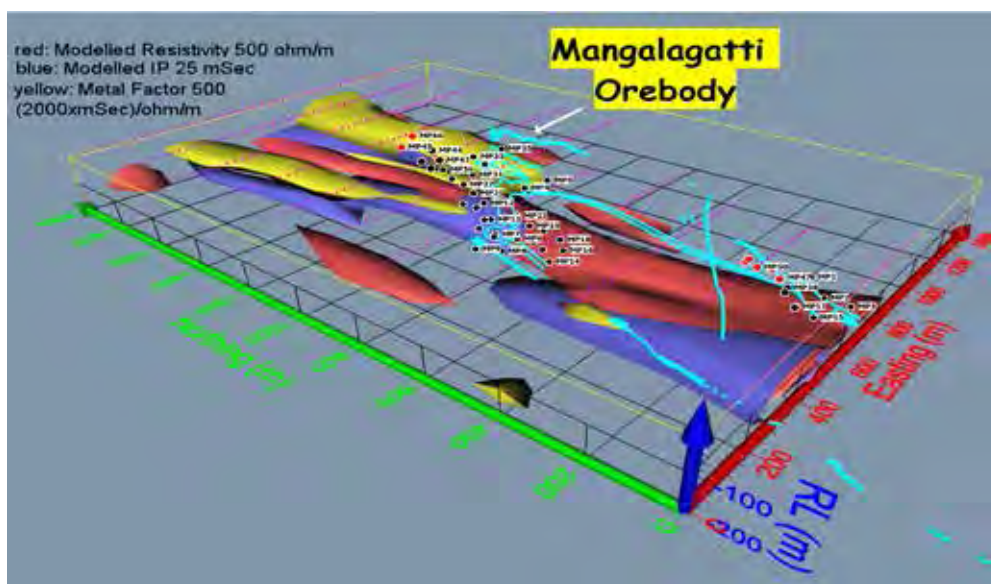
These results are very positive and warrants detailed exploration by drilling. DGML will launch resource drilling in Mangalagatti SE prospect and its adjacent targets once the PL is executed. DESPL has proposed to drill around 5000 meters of diamond core/RC drilling in the PL Block.

During this year, DESPL undertook detailed geological mapping over this PL block with an objective to:

- Geologically map the Banded Ferruginous Chert (BFC) bands in the entire PL block.
- Ground check the IP and Ground magnetic anomalies
- Generate targets for reconnaissance and resource drilling.

New BFC bands were delineated towards the southern part of the PL block which looks quite promising for gold mineralisation with a strike length of more than 1.0 km. All these bands will be drill tested after the execution of the PL.

Please refer to “Status of Applications” for an update on the Mangalagatti PL application.



**Fig-20, Mangalagatti 3D IP Geophysical Model**

#### **BHAVIHALPROSPECT:**

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 pit resource similar to Mangalagatti SE prospect. As a result of this preliminary investigation an area of 400 meters was delineated and an inferred resource of 74,000 oz of Au was estimated averaging 1.76 g/t. A preliminary IP survey was initiated on 3 lines to understand the IP signature. It is very encouraging to note that all the three lines have brought out two moderate chargeability anomalies with 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 mineralization. DESPL is pursuing this PL application vigorously.

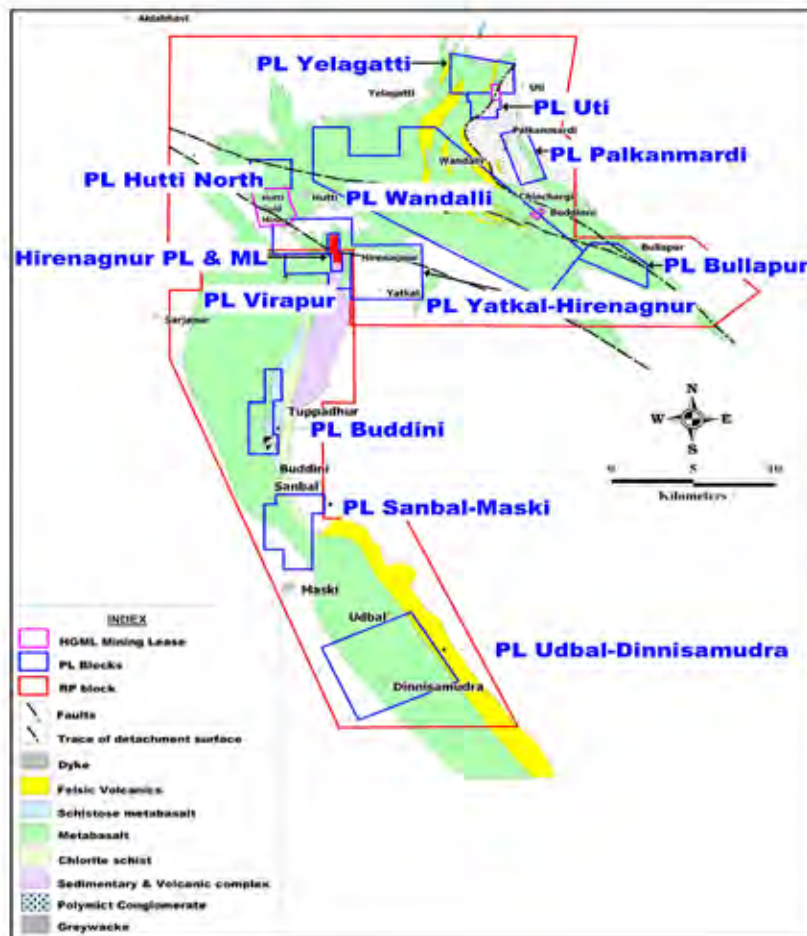
Please refer to “Status of Applications” for an update on the Bhavihal PL application.

#### **Hutti – Maski Belt Projects**

HuttiMaski Greenstone belt is one of the most important Archaean gold bearing belts in India. The Hutti-Maski belt hosts world class Hutti Gold deposit that is being mined by The Hutti Gold Mines Limited. DGML has carried out exploration over an area 851 sq. km in the Hutti Belt, which has resulted in identifying 21 gold bearing blocks. A

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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.21). The highlights of the key prospects which were explored by DESPL during its RP tenure are presented in Table-13 and status of mineral concession applications (Post MMDR amendment Act 2015) as on August 19, 2016 is presented in Table-14 and Table-15 showing the status of mineral concession applications under agreements between DGML and GMSI {Geomysore Services (India) Pvt Ltd.,}



**Fig-21: Geological map of Hutti-Maski Greenstone Belt showing DGML's key gold prospects and applied tenements.**

In the light of the Supreme Court Judgment dated May 8, 2018, the Department of Mines & Geology, Government of Karnataka (DMG) have started to process the PL applications in terms of their internal checklist / SoP for progression of cases from Reconnaissance Permit (RP) to PL under Section 10A(2)(b) of the Mines & Minerals (Development & Regulation) Act, 1957 (MMDR). Post this, DESPL also wrote to the DMG attaching a copy of the aforesaid Supreme Court Judgment and sought for speedy processing of the PL applications.

While we are closely monitoring the progress of these files, and propose to send a communication shortly (on the lines advised by our legal counsel) to the DMG highlighting the fact that it is now nearly 6 months since the aforesaid Supreme Court Judgment was pronounced and seeking early action in the matter with a definitive deadline.

By way of background, it may be noted that DESPL had lodged 8 PL applications over the Hutti Belt prospects located in the State of Karnataka. These applications were lodged after conducting reconnaissance operations under a granted Reconnaissance Permit (RP No. 29 dated January 23, 2003)

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 in Table-13:

**Table-13- SUMMARY OF EXPLORATION WORK CARRIED OUT IN HUTTI NORTH RP BLOCK**

SL NO	TYPE OF EXPLORATION	UNIT	QUANTUM
1	TOPOGRAPHIC SURVEY	SQ.KMS	5
2	GEOLOGICAL MAPPING (1: 2000 AND 1:5000 SCALE)	SQ.KMS	500
3	GROUND GEOPHYSICAL MAGNETIC SURVEY	LINE KMS	145
4	GROUND GEOPHYSICAL IP SURVEY	LINE KMS	9
5	SAMPLING AND ANALYSIS		
	A. STREAM GEOCHEMICAL SAMPLING	Nos	347
	B. ROCK CHIP	Nos	953
	C. CHANNEL	Nos	1646
	D. TERMITE MOUND SAMPLES	Nos	85
	E. SOIL SAMPLES	Nos	819
	F. BED ROCK GEOCHEMICAL SAMPLES	Nos	3980
	G. RAB DRILL SAMPLES	Nos	598
	H. RC DRILL SAMPLES	Nos	1319
	I. DIAMOND CORE SAMPLES	Nos	387
	TOTAL SAMPLES	10134	
5	DRILLING		
	A. RAB DRILLING (18 DRILL HOLES)		862.5
	B. RC DRILLING (36 DRILL HOLES)	METRES	2186
	C. DIAMOND CORE DRILLING (4 DRILL HOLES)	METRES	807.7
	TOTAL DRILLING	3856.2	

### Hutti Mine North Prospect

This block is located immediately north of the currently operating Hutti Gold Mine located 80 kms west of Raichur town in Karnataka. A total of eight parallel gold bearing quartz-sulphide veins are known to exist in the currently operating Hutti Mines. DGML's exploration such as IP geophysical survey, Bedrock-geochemical sampling, trenching, and limited drilling has resulted in tracing the extensions of at least 5 of these lodes into DGML's PL block north of the Hutti Gold mine (Fig-22). The best finding was extension of the New East Reef which has analysed up to 10.0 g/t gold and the extension of the Main Reef that has analysed up to 16.0 g/t Gold. Strike Reef was explored by DGML by limited drilling with positive results.

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

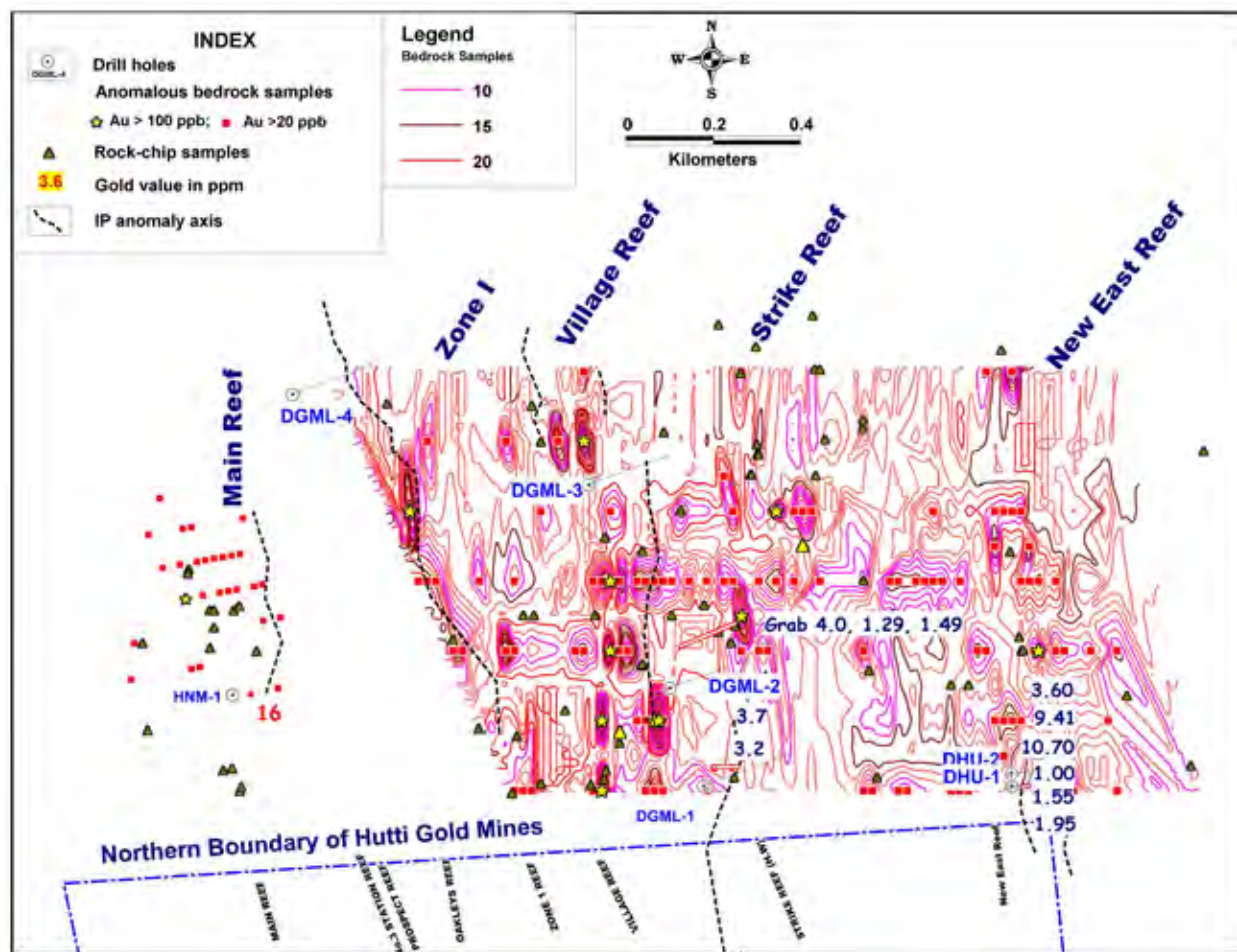


Fig-22-Hutti North Prospect showing the possible extensions of the gold Lodes

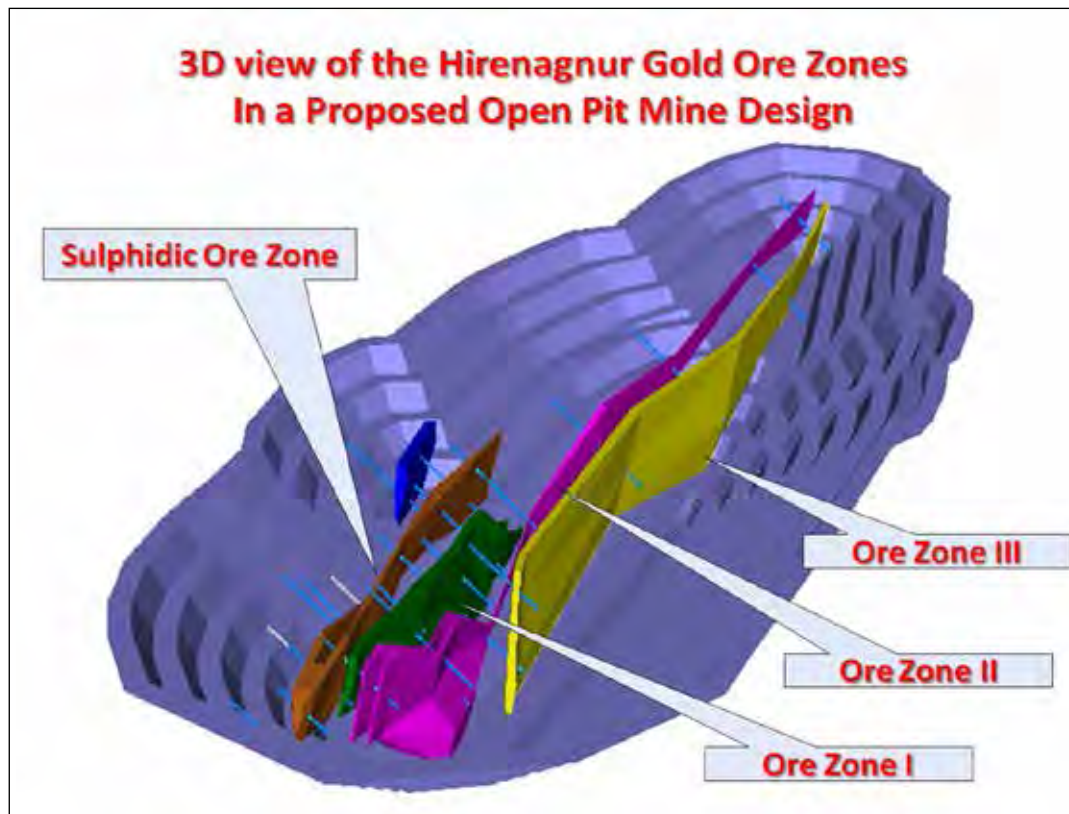
#### HIRENAGNUR PROSPECT:

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 meters. Preliminary drilling indicates presence of 4 parallel mineralized zones of which the eastern most zone i.e zone III has a strike length of 600 meters. The drill hole data was processed by using Data mine Geological software which shows that all the 4 ore zones are open along strike and depth that would be investigated by detailed drilling. The data generated also suggests possibility of open pit mining of the Hirenagnur ore body (Fig-23). 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



This prospect is an open ended N-S trending zone revealed initially by a single rock-chip sample that assayed 7.13 g/t Au and subsequently by systematic bed-rock sampling and ground magnetic surveys.



**Fig-23: 3D view of the Hirenaganur Gold Ore Zones and Open Pit Mine Design.**

Ore beneficiation studies of Hirenagnur ore was carried out at the India Bureau of Mines, Bangalore. The studies indicate that the ore is free milling and 91% of gold recovery was achievable by carbon –in- leach technique. Pre-treatment of the ore can result in 97% recovery. Detailed drilling will follow the grant of prospecting license over this prospect. Based on the initial exploration under RP, DGML estimated an inferred resource of 200,000 ozs averaging 2.72 g/t Au.

DGML also carried out detailed ground magnetic survey to explore strike extension of the mineralization towards north and south. The magnetic survey was successful in tracing a high magnetic anomaly for a length of 3.2 km coinciding with the main Hirenagnur mineralization and its extension towards north and south. Hirenaganur prospect is a structurally controlled mineralization. Therefore, the continuity of gold bearing structures is expected up to several hundred meters. Applications have been filed for both PL as well as a Mining Lease.

Please refer to “Status of Applications” for an update.

Uti Gold Prospect- Southern and Northern continuity of the Uti Mine Lodes:

The Uti Mine is owned and operated, as an open pit mine, by Hutti Gold Mines Ltd. Bed rock sampling at 20m intervals along 9 profiles southwest of Uti mine and along 3 profiles north of the mine have revealed gold anomalous zone in strike continuity of Uti mine lodes for about 3.5km to the south west and also towards north. 609m of reconnaissance drilling confirmed the strike continuity of gold lodes to the south. One of the lodes showed gold in the range of 0.82 to 1.4 g/t over widths ranging from 1 to 5m; a second lode yielded 1.34 to 1.72 g/t gold over 1 to 2m width; one more intersection analyzing 3.49 g/t gold over 4m was traced to yet another lode. Detailed drilling

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is called for to establish the full potential of the Uti south and North prospects. Old diggings by ancient miners and our recent channel sampling have revealed existence of three sub-parallel mineralized zones in an area 1.2 sq. km west of the HGML's Uti mine. Surface samples have given high gold values of up to 22.94 g/t and 40.38 g/t gold. Bedrock geochemical sampling has indicated an anomalous gold bearing zone which is 1200m long and 80m wide.

### **Chinchergi –Wandalli Prospect:**

This block is an excellent exploration target defined by DGML as a result of extensive geochemical exploration, geological mapping, ground magnetic survey and limited Reverse Circulation drilling. DGML targeted a part of the major WNW trending Chinchergi- Amareshwara lineament between Chinchergi Prospect and Wandalli Prospect. Chinchergi prospect located some 15 km east of Hutti Gold Mine is an area of extensive ancient mining. The British undertook extensive U/G mining at Chinchergi.

Reconnaissance rock chip samples analyzing 5.59 g/t, 8.33 g/t, 9.92 g/t and 12.73 g/t were met with in this prospect. Channel sampling revealed 1 to 2m wide narrow lodes analyzing 1.18 g/t to 4.38 g/t.

In order to locate new targets in addition to tracing extensions of Wandalli and Chinchergi mineralization, a bedrock geochemical programme was carried out involving 22 profiles and 1500 samples. The exploration has resulted in delineating two geochemical gold anomalies for 3.6 kms south and west of Chinchergi Prospect.

Preliminary reverse circulation (RC) drilling indicated anomalous gold values considered encouraging that warrants further drilling.

### **Bullapur Prospect:**

.In the course of geological traversing along the major structural discontinuity south east of Chinchergi village, a new zone of mineralization was located close to Bullapur village. The mineralized zone comprises a series of quartz veins disposed as N-S splays from a narrow ENE trending shear zone. One of the veins showed a number of visible gold grains on panning. A rock chip sample yielded a good value of 6.53 g/t gold. The area deserves to be investigated in detail under a Prospecting License.

### **Yatkal Prospect:**

Yatkal prospect is situated 10 kms south-east of Hutti. Gold mineralization is noticed in quartz veins emplaced along sheared and fractured granite. Mineralization 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 meter long NE-SW trending gold anomaly spread over 150 meters width. Most of the high gold values analyzed 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.

**TABLE 14 : STATUS OF MINERAL CONCESSION APPLICATIONS**  
**(POST MMDR AMENDMENT ACT, 2015)**  
**(AS ON OCTOBER 29, 2018)**

PROSPECTING LICENCE (PL) APPLICATIONS						
PL No.	Block Name	District	Area in sq km	Date of Application	Ref. No. & Date	Status
<b>KARNATAKA STATE</b>						
DGML.PL-11	Fatehpur-Hadanur	Yadgir	30	25.3.2013	No.DMG/RP-Sec/01-APL/2013, dt.3.4.2013	<p>Preferential rights under Section 10A(2)(b) of MMDR Amendment Act, 1957 as amended in 2015.</p> <p>The Department of Mines &amp; Geology, State Government of Karnataka (DMG) has taken up the file for processing in terms of internal checklist / SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL).</p>
DGML.PL-12	Arakeri-Shakhapur	Yadgir	60	25.3.2013	No.DMG/RP-Sec/02-APL/2013, dt.3.4.2013	<p>Preferential rights under Section 10A(2)(b) of MMDR Amendment Act, 1957 as amended in 2015.</p> <p>The Department of Mines &amp; Geology, State Government of Karnataka (DMG) has taken up the file for processing in terms of internal checklist / SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL).</p>
DES.PL-10	Mangalagatti	Dharwar	4	11.1.2005	<b>No.07 APL 2005, Dt.17.1.2005 (CI 61 MMM 07 is Old file number) (CI 242 CMC 2015 dated 9.10.2015)</b>	<ul style="list-style-type: none"> <li>Although Grant Notification was issued by the State Government of Karnataka on October 11, 2012 vide Order No. CI 61 MMM 2007, the same could not be executed since the time period for execution (within 3 months of grant notification) of PL Deed expired due to delay by the DMG.</li> <li>Preferential rights under Section 10A(2)(b) of MMDR Amendment Act, 1957 as amended in 2015.</li> <li>The Department of Mines &amp; Geology, State Government of Karnataka (DMG) has taken up the file for processing in terms of internal checklist / SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL). A section of the SOP requiring sign-off from IBM has been received by the DMG. The file is now under process at the DMG.</li> </ul>

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DES.PL-6	Kulavalli	Belgaum	2	15.10.2004	No.127APL 2004, Dt.2 4.11.2004 CI 112 MMM 07	<ul style="list-style-type: none"> <li>• Preferential rights under Section 10A(2) (b) of MMDR Amendment Act,1957 as amended in 2015.</li> <li>• The Department of Mines &amp; Geology, State Government of Karnataka (DMG) has taken up the file for processing in terms of internal checklist / SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL). A section of the SOP requiring sign-off from IBM has been received by the DMG. The file is now under process at the DMG.</li> </ul>
DES.PL-9	Bhavihal	Dharwad	1.5	4.1.2005	No.02 APL 2005, Dt. 6.1.2005 CI 66 MMM 2010	<ul style="list-style-type: none"> <li>• Preferential rights under Section 10A(2) (b) of MMDR Amendment Act,1957 as amended in 2015.</li> <li>• The Department of Mines &amp; Geology, State Government of Karnataka (DMG) has taken up the file for processing in terms of internal checklist / SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL). A section of the SOP requiring sign-off from IBM has been received by the DMG. The file is now under process at the DMG.</li> </ul>
DES.PL-12	Lakkikoppa	Haveri	5	22.3.2005	No.85 APL 05, CI 64 MMM 2010	<ul style="list-style-type: none"> <li>• Preferential rights under Section 10A(2) (b) of MMDR Amendment Act,1957 as amended in 2015.</li> <li>• The Department of Mines &amp; Geology, State Government of Karnataka (DMG) has taken up the file for processing in terms of internal checklist / SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL). A section of the SOP requiring sign-off from IBM has been received by the DMG. The file is now under process at the DMG.</li> </ul>



DES-PL-8	Turkara-Sigihalli	Belgaum	1.7	31.12.2004	No.181 APL 04/14744, dt.3.1.2005	<ul style="list-style-type: none"> <li>• Preferential rights under Section 10A(2) (b) of MMDR Amendment Act, 1957 as amended in 2015.</li> <li>• The Department of Mines &amp; Geology, State Government of Karnataka (DMG) has taken up the file for processing in terms of internal checklist / SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL). A section of the SOP requiring sign-off from IBM has been received by the DMG. The file is now under process at the DMG.</li> </ul>
DES.PL-11	Ganajuru Extension	Haveri	8	12.1.2005	No.08 APL 2005, Dt.17.1.2005 CI 218 MMM 06	<ul style="list-style-type: none"> <li>• Preferential rights under Section 10A(2) (b) of MMDR Amendment Act, 1957 as amended in 2015.</li> <li>• The Department of Mines &amp; Geology, State Government of Karnataka (DMG) has taken up the file for processing in terms of internal checklist / SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL). A section of the SOP requiring sign-off from IBM has been received by the DMG. The file is now under process at the DMG.</li> </ul>
DES.PL-1	Hutti North	Raichur	4.9	1.8.2003	No.24 APL 03, Dt.18.8.2003 CI 155 MMM 2004	<p>The Revisional Authority, Ministry of Mines, Government of India vide its Order dated October 29, 2018 set aside the rejection order of the State Government of Karnataka in respect of this Prospecting Licence (PL) application of Deccan Exploration Services Private Limited (DESPL) over the Hutti North PL Block covering an area of 4.9 sq kms. The Tribunal has further directed the State government of Karnataka to consider the Hutti North PL application of DESPL.</p> <p>The above favourable ruling is primarily in the light of the Judgment dated May 8, 2018 of the Hon'ble Supreme Court of India setting aside the proposal of the State Government of Karnataka to reserve the Hutti Belt areas in favour of its own undertaking viz., Hutti Gold Mines Limited by overlooking the PL applications (including this PL application) of DESPL over those areas. The Hon'ble Supreme Court directed the State Government of Karnataka to consider the PL applications of DESPL over the Hutti Belt.</p> <p>Also see comments under DES PL-3.</p>

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DES.PL-3	Uti	Raichur	2.9	14.1.2004	No. 06APL04 / 16815, Dt. 16.1.2004	<p>The Hon'ble Supreme Court vide its Judgment dated May 8, 2018 has set aside the Order passed by the Karnataka High Court dated April 3, 2012 and has allowed our Civil Appeal.</p> <p>The Hon'ble Supreme Court has held that:</p> <p>(1) The Karnataka High Court has erred in allowing the Writ Petition of Hutti Gold Mines Limited (HGML), a PSU owned by the Government of Karnataka. This Writ Petition was filed by HGML against the Order dated May 31, 2011 passed by the Central Government.</p> <p>2) The Central Government Order dated May 31, 2011 is valid. This Order had rejected the proposal of the Government of Karnataka for reservation of the Hutti Block areas in favour of HGML by overlooking the Prospecting Licence (PL) applications of DESPL.</p> <p>(3) The State of Karnataka is directed to consider the case of DESPL for grant of PL in accordance with the provisions of MMDR, 1957 as they now stand amended in the year 2015.</p> <p>Post this, the Company management met the Director, DMG on several occasions and also submitted written requests on May 29, 2018 &amp; August 31, 2018 seeking speedy processing of the Hutti Block PL applications.</p> <p>The DMG is now processing the PL application in terms of its internal checklist / SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to PL.</p>
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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-

## MINING LEASE (ML) APPLICATIONS

ML No.	Block Name	District	State	Area in sq km	Date of Application	Ref. No.	Status
DES. ML-2	Ganajuru	Haveri	Karnataka	0.29	8.6.2006	<p>No. 567 AML 06/3389</p> <p>(CI 30 MMM 2010, dt. 8.11.2010 is old file No.)</p> <p>CI 199 CMC 2015 dated 7.8.2015</p>	<p>Shareholders may refer to the Updates issued by the Company from time to time on the Ganajur Mining Lease application which is under consideration by the State Government of Karnataka for issue of Grant Notification Letter.</p> <p>The C &amp; I recently wrote a letter to MoM seeking further clarifications on the Ganajur ML application of DESPL despite the same having been positively clarified by their own office to MoM and confirmed by the IBM as well as Law Department, Government of Karnataka.</p> <p>In its response to C &amp; I, MoM has pointed out that it was the State Government that had earlier recommended the grant of ML and if it has obtained a legal opinion based on which it is seeking further clarifications, the same may be forwarded to it. The legal opinion from the Law Department, Government of Karnataka received on April 23, 2018 was not attached by C &amp; I when seeking further clarifications from MoM.</p>

## DECCAN GOLD MINES LIMITED

							We are following up with C & I to forward its reply to MoM attaching Law Department's opinion that it has received on the Ganajur ML application and other relevant documents. This positive opinion (available on the website of the Company) advised C & I to process the Ganajur ML application and we believe should also enable MoM to reiterate its earlier stand where it advised "the State government to get the ML executed at the earliest."
DES . ML-5	Karajgi	Haveri	Karnataka	2.8	20.12.2012	No . D M G / R p - S e c / 1 1 AML 2012-13 Dt.5.1.2013	DMG has started processing the pending Mining Lease (ML) files for compliance with their internal checklist that was notified through a Government Order. It may be noted that the checklist requires sign-off / certification from certain Divisions of DMG and Indian Bureau of Mines prior to forwarding the file to State Government. This file has been taken for processing and DMG has received the required certification from IBM. This ML application is protected under Section 10A(2)(b) of MMDR Act.

DGML = Deccan Gold Mines Limited

DESPL = Deccan Exploration Services Private Limited

TABLE - 14 : STATUS OF MINERAL CONCESSION APPLICATIONS

## UNDER AGREEMENTS BETWEEN DGML &amp; GEOMYSORE SERVICES (INDIA) PRIVATE LIMITED (GMSI)

During 2003, DGML executed three agreements with GMSI for transfer of three RPs originally applied for by GMSI and the PLs arising out of such RPs. Details of the agreements entered into are as under:

Transferor	Transferee	Date of agreement	Asset mentioned in agreement	Area (sq. km.)	Consideration (Rs. in million)
GMSI	DGML	May 22, 2003	Hutti Maski: RP No. 4/2000 dated November 03, 2000	315	1.00
GMSI	DGML	May 22, 2003	Mangalur: RP No. 5/2000 dated November 03, 2000	125	0.10
GMSI	DGML	May 22, 2003	Ramagiri: RP No. 345/MI/ 2001 dated February 2, 2001	260	0.50

GMSI has made following PL applications arising out of the aforesaid three RPs:

Sr. No	Name of the entity	Reference No/Ack	Application Date	Block Name	District & State	Area in sq.km	Originated from which R P, P L ( w h e r e applicable)	Present Status
PLs								
1.	GMSI-PL-8	4 7 A P L 03/ 13967 d a t e d November 10, 2003	November 7, 2003	Jainapur	Gulbarga Karnataka	1.1	RP number 5 dated November 3, 2000 for Mangalur	<ul style="list-style-type: none"> <li>• Approval of grant by MoM communicated to State Government vide letter no. 4/34/2008-M.IV dated September 16, 2009.</li> <li>• Despite MoM approval, State Government has requested DMG for new NOC from District Commissioner.</li> <li>• Since MoM has already granted the approval, DMG has not moved for obtaining a new NOC.</li> <li>• Grant order awaited.</li> </ul>

## DECCAN GOLD MINES LIMITED

2.	GMSI-PL-7	46 APL 03/13966 dated November 10, 2003	November 07, 2003	Mangalur	Gulbarga Karnataka	1.2	RP number 5 dated November 3, 2000 for Mangalur	<ul style="list-style-type: none"> <li>• DMG has recommended for grant to State Government, but State Government has returned the file to DMG requesting it to obtain a new NOC from the District Commissioner.</li> <li>• GMSI has written to State Government for communicating its objection towards State Government's request for new NOC as there is no provision under MMDR/MCR that justifies seeking a new NOC.</li> <li>• Currently application is pending at DMG, Bengaluru and DMG has not moved to obtain a new NOC as requested by State Government..</li> </ul>
3.	GMSI-PL-4	32 APL 2003/11183 dated September 05, 2003	August 29, 2003	Sanbal - Maski	Raichur Karnataka	14.7	RP number 4 dated November 3, 2000 for Hutti- Maski	Same status as that of DES-PL-3 noted above
4.	GMSI-PL-5	31 APL 2003 / 11181 dated September 05, 2003	August 29, 2003	Buddini	Raichur Karnataka	8	RP number 4 dated November 3, 2000 for Hutti-Maski	Same status as that of DES-PL-3 noted above.
5.	GMSI - PL-12	71APL 04/ 5515 dated July 29, 2004	July 27, 2004	Udbal - Dinnisa mudra	Raichur Karnataka	35	RP number 4 dated November 3, 2000 for Hutti-Maski	Same status as that of DES-PL-3 in point 7 above.
6.	GMSI-PL-3	2095 / M2/2003 dated August 23, 2003	August 22, 2003	Ramagiri	Anantapur Andhra Pradesh	18.32	RP number 345 / M1/2001 dated February 02, 2001 for Ramagiri	Under consideration by the AP State Government,
7.	GMSI - PL-14	1903/PL/04 dated August 26, 2004	August 26, 2004	Boksampalle	Anantapur Andhra Pradesh	17	RP number 345 / M1/2001 dated February 02, 2001 Ramagiri	Under consideration by the AP State Government,

Note : In terms of the agreement entered into between DGML & GMSI with regard to the aforesaid 3 RPs, it has been agreed that any PLs / MLs arising from such RPs shall be transferred to DGML. However, no such transfer has been affected till date. Transfer, as and when it is done, will require prior permission under MMDR Act and Rules made there under.

## DIRECTORS' REPORT

To  
The Members,  
Deccan Gold Mines Limited

The Directors of Deccan Gold Mines Limited ('the Company') have pleasure in submitting their 34th Annual Report to the Members of the Company together with the Audited Standalone and Consolidated Statement of Accounts for the year ended March 31, 2018. The financial statements have been presented based on Ind AS requirements.

### 1. FINANCIAL STATEMENTS & RESULTS:

#### A. FINANCIAL RESULTS

Financial results for the year ended March 31, 2018 are as under:

(₹ in '000)

Particular	For the financial year ended March 31, 2018	For the financial year ended March 31, 2017
Other Income	3,350	4,859
Less: Expenses	27,315	1,01,149
Profit/ (Loss) before tax	(23,965)	(96,290)
Less: Provision for tax	-	-
Profit / (Loss) after Tax	(23,965)	(96,290)

#### b. OPERATIONS:

Details on the operations of the Company during the period under review are given under the head "Report on Exploration Activities" and the segment titled "Status of mineral concession applications" and in "Management Discussion & Analysis" which forms part of this Report.

More details about the Company's projects and operations as well as market announcements made from time to time can be accessed at ([www.deccangoldmines.com](http://www.deccangoldmines.com)).

There was no change in nature of the business of the Company, during the year under review.

#### c. REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

The Company holds 100% shares in Deccan Exploration Services Private Limited (DESPL) and in view of the provisions of the Companies Act, 2013 ('the Act'), DESPL is a subsidiary company. Pursuant to the provisions of Section 129 of the Act, DESPL's accounts have been consolidated into the Company's accounts.

The performance and financial position of DESPL, subsidiary company for the year ended March 31, 2018 is attached as Annexure I to this Report.

#### d. DIVIDEND:

In view of the fact that the Company is yet to commence its commercial operations, your Directors express their inability to recommend dividend for the financial year under review.

#### e. TRANSFER TO RESERVES:

In view of losses incurred during the year under review, the Board of Directors has not recommended transfer of any amount to reserves.



## DECCAN GOLD MINES LIMITED

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### **f. REVISION OF FINANCIAL STATEMENT:**

The Company has not carried out any revision in its financial statements in any of the three preceding financial years as per the requirement under Section 131 of the Act.

### **g. DEPOSITS:**

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details of deposits which are not in compliance with Chapter V of the Act is not applicable.

### **h. DISCLOSURES UNDER SECTION 134(3)(I) OF THE COMPANIES ACT, 2013:**

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial period of the Company and date of this report.

### **i. DISCLOSURE OF INTERNAL FINANCIAL CONTROLS:**

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate considering the nature of its business and the scale of operations. During the year under review, no material or serious observation has been made by the Statutory Auditors and the Internal Auditors of the Company regarding inefficiency or inadequacy of such controls. Wherever suggested by the auditors, the control measures have been further strengthened and implemented.

### **j. DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL:**

No adverse orders have been passed by any Regulator or Court or Tribunal which can have impact on the Company's status as a Going Concern and on its future operations.

### **k. PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES:**

The transactions/contracts/arrangements entered by the Company with related party (ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review, are in the ordinary course of business and at arms' length. Therefore, they are exempt from the provisions of Section 188 of the Companies Act, 2013. However, all such transactions have been approved by the Audit Committee as per the requirement under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **l. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES:**

During the year under review, the Company did not provide any loan or give any guarantees. The Company does not have any investments except 100% shareholding in DESPL, its subsidiary company. Details are furnished in Annexure II to this Report.

### **m. DISCLOSURE UNDER SECTION 43(a)(ii) OF THE COMPANIES ACT, 2013:**

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is included in the report.

### **n. DISCLOSURE UNDER SECTION 54(1)(d) OF THE COMPANIES ACT, 2013:**

The Company has not issued any sweat equity shares during the year under review and hence the provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 are not applicable.

### **o. DISCLOSURE UNDER SECTION 62(1)(b) OF THE COMPANIES ACT, 2013:**

As per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 and other applicable regulations, details of equity shares issued under Employee Stock Option Scheme during the financial year under review is furnished in Annexure III to this Report.

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**p. DISCLOSURE UNDER SECTION 67(3) OF THE COMPANIES ACT, 2013:**

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.

**2. OUTLOOK:**

Details are provided under the Section 'Management Discussion and Analysis' forming part of this Annual Report.

**3. RISKS AND AREAS OF CONCERN:**

Details are provided under the Section 'Management Discussion and Analysis' forming part of this Annual Report.

**4. MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL:****a) BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL:**

Mr K R Krishnamurthy (DIN: 00556641), Ms Pratima Ram (DIN: 03518633) and Prof. Vinod Kumar Gaur (DIN: 00611175) were appointed as Independent Directors to hold office for a consecutive period of five years.

In accordance with the provisions of the Act, none of the Independent Directors is liable to retire by rotation. The Managing Director of the Company is also not liable to retire by rotation pursuant to the Articles of Association of the Company. Further, Mr Govind Subhash Samant (DIN: 0007984886), Dr Modali Hanuma Prasad (DIN: 01817724) and Mr Kaushik Mukherjee (DIN: 02315835) who were appointed as Additional Directors hold office upto the date of ensuing Annual General Meeting and being eligible offer themselves for reappointment. Necessary notices under Section 160 of the Act proposing their candidature for the office of Director have been received from shareholder (s) and your Directors recommend their appointment.

In view of the above, none of the above Directors are liable to retire by rotation at the ensuing Annual General Meeting under the provisions of Section 152 of the Companies Act, 2013.

The tenure of Mr Sandeep Lakhwara (DIN: 01049978) as Managing Director of the Company ended on April 30, 2018. The Company's Board of Directors in the Meeting held on February 13, 2018 approved re-appointment of Mr Sandeep Lakhwara for a period of one year from May 1, 2018 to April 30, 2019 subject to approval by the shareholders in the forthcoming Annual General Meeting (AGM). Your Board of Directors recommend the re-appointment of Mr Sandeep Lakhwara (DIN: 01049978) as Managing Director of the Company from May 1, 2018 to April 30, 2019.

**b. DECLARATION BY INDEPENDENT DIRECTORS:**

The Company has received declaration from all the Independent Directors under Section 149(6) of the Companies Act, 2013 confirming their independence vis-à-vis the Company.

The Independent Directors meet the Company Management for the purpose of being updated / familiarised with all the requisite information and updates with regard to the gold exploration and mining industry and other regulatory updates from time to time. Details are posted on our website [www.deccangoldmines.com](http://www.deccangoldmines.com).

**5. DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES:****a. BOARD MEETINGS:**

The Board of Directors met six (6) times during the year ended March 31, 2018 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

**b. DIRECTOR'S RESPONSIBILITY STATEMENT:**

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended March 31, 2018 the Board of Directors hereby confirm that:

## DECCAN GOLD MINES LIMITED

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- a. in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. such accounting policies have been selected and applied consistently and the Directors 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 March 31, 2018 and of the loss of the Company for that year;
- c. proper and sufficient care was taken for 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;
- d. the annual accounts of the Company have been prepared on a Going Concern basis;
- e. internal financial controls have been laid down by the Company and that such internal financial controls are adequate and operating effectively;
- f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively;

### **c. NOMINATION AND REMUNERATION COMMITTEE:**

The Nomination and Remuneration Committee, a sub-committee of Directors is in place in accordance with the requirements of Section 178 of the Act. The present composition of the Committee is as follows:

1. Prof. Vinod Kumar Gaur, Chairman, Independent Director
2. Mr. K R Krishnamurthy, Member, Independent Director; and
3. Ms. Pratima Ram, Member Independent Director

The Board has in accordance with the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees.

### **Major criteria defined in the policy framed for appointment of and payment of remuneration to the Directors of the Company is as under:**

- a) While appointing a Director, it shall always be ensured that the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical, operations or other disciplines related to the Company's business.
- b) In case of appointment as an Executive Director, the candidate must have the relevant technical or professional qualification and experience as considered necessary based on the job description of the position. In case no specific qualification or experience is prescribed or thought necessary for the position then, while recommending the appointment, the HR Department shall provide the job description to the Committee and justify that the qualification, experience and expertise of the recommended candidate is satisfactory for the relevant position. The Committee may also call for an expert opinion on the appropriateness of the qualification and experience of the candidate for the position of the Executive Director.
- c) In case of appointment as a Non-Executive Director, the candidate must have a post graduate degree, diploma or a professional qualification in the field of his practice/ profession/ service and shall have not less than five years of working experience in such field as a professional in practice, advisor, consultant or as an employee. Provided that the Board may waive the requirement of qualification and/ or experience under this paragraph for a deserving candidate.
- d) The Board, while making the appointment of a Director, shall also try to assess from the information available and from the interaction with the candidate that he is a fair achiever in his chosen field and that he is a person with integrity, diligence and open mind.
- e) While determining the remuneration of Executive Directors and Key Managerial Personnel, the Board shall consider following factors:
  - i) Criteria/ norms for determining the remuneration of such employees prescribed in the HR Policy.
  - ii) Existing remuneration drawn.
  - iii) Industry standards, if the data in this regard is available.

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- iv) The job description.
  - v) Qualifications and experience levels of the candidate.
  - vi) Remuneration drawn by the outgoing employee, in case the appointment is to fill a vacancy on the death, resignation, and removal etc. of an existing employee.
  - vii) The remuneration drawn by other employees in the grade with matching qualifications and seniority, if applicable.
  - f) The remuneration payable to the Executive Directors, including the Commission and value of the perquisites, shall not exceed the permissible limits as mentioned within the provisions of the Companies Act, 2013. They shall not be eligible for any sitting fees for attending any meetings.
  - g) The Non-Executive / Independent Directors shall not be eligible to receive any remuneration / salary from the Company. However, they shall be paid sitting fees for attending the meeting of the Board or committees thereof and commission, as may be decided by the Board/ Shareholders from time to time. They shall also be eligible for reimbursement of out of pocket expenses for attending Board / Committee Meetings.

**d. AUDIT COMMITTEE:**

The Audit Committee, a sub-committee of Directors is in place in accordance with the provisions of Section 177 of the Companies Act, 2013. The composition of the Audit Committee is in conformity with the provisions of the said section. The Audit Committee comprises:

1. Ms. Pratima Ram, Chairman, Independent Director
2. Mr. K R Krishnamurthy, Member, Independent Director; and
3. Prof. Vinod Kumar Gaur, Member, Independent Non-Executive Director

The scope and terms of reference of the Audit Committee is in accordance with the Act and it reviews the information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, there were no instances of recommendation by the Audit Committee not being accepted by the Board of Directors of the Company.

The Company Secretary acts as Secretary of the Committee.

**e. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

A Stakeholders' Relationship Committee is in place in accordance with the provisions of Section 178 of the Companies Act, 2013 and its composition is as under:

1. Mr. K R Krishnamurthy, Chairman, Independent Director
2. Mr. Sandeep Lakhwara, Member (Executive Director)

The Company Secretary acts as Secretary of the Stakeholder's Relationship Committee.

**f. VIGIL MECHANISM POLICY FOR THE DIRECTORS AND EMPLOYEES:**

The Board of Directors of the Company has, as per the requirements under Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, framed the Vigil Mechanism / Whistle Blower Policy for the employees of the Company to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentations of any financial statements and reports etc.,

The employees of the Company have the right / option to report their concerns / grievance to the Chairman of the Audit Committee and adequate safeguards have been provided to employees from any victimization.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations.

## DECCAN GOLD MINES LIMITED

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### **g. RISK MANAGEMENT POLICY:**

The Board of Directors of the Company has designed Risk Management Policy and Guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses. It defines a structured approach to manage uncertainty and to make use of these in decision making pertaining to the business and corporate functions. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews.

### **h. CORPORATE SOCIAL RESPONSIBILITY:**

The provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, were not applicable to the Company.

### **i. ANNUAL EVALUATION OF DIRECTORS, COMMITTEE AND BOARD:**

A statement indicating the manner for evaluation of performance of the Board and its Committees and individual Directors is attached to this Report as Annexure IV.

### **j. INTERNAL CONTROL SYSTEMS:**

Adequate internal control systems commensurate to the size of the Company's business, the nature of business and its complexities are in place and operating satisfactorily. The adequacy and their functioning are reviewed by the Internal Auditors from time to time and wherever necessary the corrective measures are taken.

Internal control systems consisting of policies and procedures are designed to ensure reliability of financial reporting, timely feedback of achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and protected adequately.

### **k. DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014:**

The required details have been attached as Annexure V to this Report.

### **l. PAYMENT OF REMUNERATION / COMMISSION TO MANAGERIAL PERSONNEL FROM SUBSIDIARY COMPANY:**

The Managing Director of the Company is not in receipt of remuneration / commission from the subsidiary company. Apart from the Managing Director, the Company does not have any managerial personnel.

## **6. AUDITORS AND REPORTS**

The matters related to Auditors and their Reports are as under:

### **a. OBSERVATIONS OF STATUTORY AUDITORS ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2018:**

There are no Audit Observations on the Standalone and Consolidated Financial Statements of the Company for the year ended March 31, 2018.

### **b. SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED MARCH 31, 2018:**

Provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, mandates to obtain Secretarial Audit Report from a Practicing Company Secretary. Accordingly, the Company has obtained Secretarial Audit Report for the year ended March 31, 2018 from M/s Rathi and Associates, Company Secretaries.

The Secretarial Audit Report issued in Form MR-3 is attached and forms part of this report. The said report does not contain any observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

### **c. RATIFICATION OF APPOINTMENT OF AUDITORS:**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s P R Agarwal & Awasthi, Chartered Accountants, Mumbai (Firm Regn No. 117940W) have been

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appointed as the Statutory Auditors of the Company for a period of five years in the Annual General Meeting held on November 27, 2017 subject to ratification of their appointment by the Members at every Annual General Meeting.

However, the Ministry of Corporate Affairs vide Notification dated G.S.R. 432(E)-Part dated May 7, 2018 withdrawn the requirement of ratification of appointment of auditors. Accordingly, no approval of shareholders will be required for ratification of appointment of Statutory Auditors at the ensuing Annual General Meeting.

**d. COST AUDITORS:**

The Company is presently not engaged in any manufacturing activities and hence requirement of appointment of Cost Auditors pursuant to Section 148 of the Companies Act, 2013 is not applicable to the Company.

**7. OTHER DISCLOSURES:**

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under:

**a. EXTRACT OF ANNUAL RETURN:**

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the year ended March 31, 2018 made under the provisions of Section 92(3) of the Act is attached as Annexure VI to this Report.

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

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 have not been furnished considering the nature of activities undertaken by the Company during the year under review.

During the year under review, the Company has neither earned nor used any foreign exchange.

**c. REMUNERATION PAYABLE BY COMPANIES HAVING NO PROFIT OR INADEQUATE PROFIT (in terms of Section II of Schedule V):**

The Company is paying remuneration to its Managing Director as per the limits laid down in Section II of Schedule V of the Companies Act, 2013.

**d. CHANGE IN SHARE CAPITAL:**

During the year 2017-18, the Company had issued and allotted 2,650,000 equity shares of Re. 1/- each under its ESOP 2014 and ESOP 2014 (Amended 2016).

**e. DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace and has also established an Internal Complaints Committee, as stipulated by The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules thereunder. During the year under review, no complaints in relation to such harassment at workplace have been reported.

**f. FRAUD REPORTING:**

During the year under review, there were no instances of material or serious fraud falling under Rule 13(1) of the Companies (Audit and Auditors) Rules, 2014, by officers or employees reported by the Statutory Auditors of the Company during the course of the audit.



## DECCAN GOLD MINES LIMITED

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### 8. ACKNOWLEDGEMENT AND APPRECIATION:

Your Directors take this opportunity 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

**K R Krishnamurthy**

Chairman

DIN: 00556641

Date: October 29, 2018

Place: Bengaluru

CIN: L51900MH1984PLC034662

### REGISTERED OFFICE:

Parinee Crescenzo, 803, 8th Floor, Opp. MCA,  
C38-C39, G Block, Bandra Kurla Complex, Bandra (East),  
Mumbai – 400 051

Tel .No.:022-33040797 Fax No.: 022-26532440

Email.: info@deccangoldmines.com

Website.: www.deccangoldmines.com

## ANNEXURE-1

## FORM AOC-1

## PERFORMANCE OF SUBSIDIARY COMPANY

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

(Information in respect of subsidiary )

Amount (in ₹ 000)

1	Name of the subsidiary	Deccan Exploration Services Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not applicable
3	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	Not applicable
4	Share capital	13,555 equity shares of Rs.10/- each
5	Other Equity	4,45,116
6	Total Assets	4,47,624
7	Total Liabilities	2,372
8	Investments	Nil
9	Turnover	Nil
10	Profit before taxation	(6,004)
11	Provision for taxation	(229)
12	Profit after taxation	(5,775)
13	Proposed Dividend	Nil
14	% of shareholding	100%

The Company does not have any associate / joint venture companies.

For and on behalf of the Board

K R Krishnamurthy  
Chairman  
DIN : 00556641

Place : Bengaluru  
Date : October 29, 2018

## DECCAN GOLD MINES LIMITED

### ANNEXURE II

#### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details for loans & investments:

Amount (in ₹ 000)

Name of the party	Nature & Purpose of transactions	Amount at the beginning of the year	Transactions during the year	Balance at the end of the year
Deccan Exploration Services Private Limited (wholly-owned subsidiary)	Equity investment (See note below)	354,182	87,285	441,467

On March 31, 2018 the Company issued 555 equity shares at a price of Rs. 1,57,270/- (including face value of Rs. 10/- each) to the parent Company viz., Deccan Gold Mines Limited on account of payables due to Deccan Gold Mines Limited that have arisen on account of Ind-AS compliance requirements. These shares have been allotted for considerations other than cash (upon conversion of payables / loan amounting to Rs. 8,72,84,850/- into equity).

#### Details of guarantees given – Nil

For and on behalf of the Board

K R Krishnamurthy  
Chairman  
DIN : 00556641

Place : Bengaluru  
Date : October 29, 2018

## ANNEXURE III

**Disclosure of details pertaining to shares allotted under Employees Stock Option Scheme under the provisions of Section 62 (1)(b) of Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014 during the year 2017-18**

**DECCAN GOLD MINES LIMITED ESOP, 2014**

Total No. of Shares covered by ESOP Scheme approved by the Shareholders	3,000,000		
Options granted	Nil		
Options vested	Nil		
Options exercised	1,150,000		
The total number of shares arising as a result of exercise of options	1,150,000		
Options forfeited	Nil		
Options lapsed	Nil		
Extinguishment of modification of options	Nil		
Exercise Price	Rs.7/- per share		
Pricing Formula	As per the recommendation of Nomination & Remuneration Committee at its meeting held on January 14, 2015 after considering relevant factors such as future scaling up in the operations of the Company and the impending Rights Issue of the Company.		
Variation in terms of options	Nil		
Money realised by exercise of options	Rs. 8,050,000		
Total number of options in force	Nil		
Employee wise details of options granted to			
Key Managerial Personnel & Senior Managerial Personnel	Name of the KMP / Senior Managerial Personnel	Designation	No. of Options granted
	Mr. Sandeep Lakhwara	Managing Director	1,500,000
	Mr. Saradchandra Rao Peshwa	Exploration Director & Director of subsidiary Company	483,000
	Mr. S. Subramaniam	Head-Legal & Company Secretary	291,800
	Mr. K. Karunakaran	Chief Financial Officer	291,800
Any other employee who receives grant of options in any one year amounting to 5% of more of options granted during that year	Nil		
Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Mr. Sandeep Lakhwara, Managing Director (1,500,000 stock options)		
Issued Capital (excluding outstanding warrants and conversions of the Company at the time of grant)	Rs.59,218,250 (59,218,250 equity shares of face value of Re.1/- each)		
Diluted EPS calculated in accordance with International Accounting Standard (IAS 33)	Rs. (0.26)		

## DECCAN GOLD MINES LIMITED

### DECCAN GOLD MINES LIMITED ESOP, 2014 (AMENDED 2016) (\*See note below)

Total No. of Shares covered by ESOP Scheme approved by the Shareholders	1,500,000
Options granted	Nil
Options vested	Nil
Options exercised	1,500,000
The total number of shares arising as a result of exercise of options	1,500,000
Options forfeited	Nil
Options lapsed	Nil
Extinguishment of modification of options	Nil
Exercise Price	Rs.7/- per share
Pricing Formula	Please see note below
Variation in terms of options	Nil
Money realised by exercise of options	Rs. 10,500,000
Total number of options in force	Nil
Employee wise details of options granted to	
Key Managerial Personnel & Senior Managerial Personnel	Mr Sandeep Lakhwara, Managing Director (750,000 stock options)
	Mr Saradchandra Rao Peshwa, Exploration Director & Director of subsidiary Company (241,500 stock options)
	Mr S. Subramaniam, Head-Legal & Company Secretary (145,900 stock options)
	Mr K. Karunakaran, Chief Financial Officer (145,900 stock options)
Any other employee who receives grant of options in any one year amounting to 5% of more of options granted during that year	Nil
Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
Issued Capital (excluding outstanding warrants and conversions of the Company at the time of grant)	Rs.89,227,375 (89,227,375 equity shares of face value of Re.1/- each)
Diluted EPS calculated in accordance with International Accounting Standard (IAS 33)	Rs. (0.26)

#### Note:

The shareholders of the Company, at their 30th AGM held on December 30, 2014 approved the introduction of the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014 (Scheme). Clause 5 of the Scheme provides that the limit of 3,000,000 stock options may be revised by the Nomination and Remuneration Committee (NRC) of the Board (which is empowered to administer the Scheme in accordance with SEBI Regulations) in case of any corporate action necessitating the same. Further, clause 21 of the Scheme states that in the event of any rights issue, bonus issue, stock split, merger, restructuring or any such event happening subsequent to the Grant of Options, the NRC shall have the power to make appropriate amendments to the Scheme, including changes in the

number of Options, the Exercise Price, floating a new Scheme / extending the application of the existing Scheme or any other fair and just mechanism including acceleration of Options, if deemed essential, in accordance with law as it deems fit, while striving to ensure that the rights of the employees are not adversely affected.

It may be noted that subsequent to the grant of options under the Scheme, the Company has completed fund raising of INR 503.36 million through a 1 for 2 Rights Issue that was kept open during October, 2015. Pre rights issue, the share capital of the Company was 59,218,250 equity shares and on this basis, 29,609,125 rights shares were issued and allotted on November 6, 2015 to the successful applicants. Accordingly, post the rights issue, the paid-up capital of the Company stood at 88,827,375 equity shares i.e., the paid-up capital increased by 50%

In view of the above corporate action (rights issue), it became necessary to revise the number of stock options reserved under the Scheme from 3,000,000 to 4,500,000 by the addition of 1,500,000 new stock options.

The Board of Directors of the Company, at their meeting held on February 12, 2016 approved amendment to the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014 (Scheme) on account of the Company's rights issue during October, 2015.

Further, the NRC at its meeting held on March 4, 2016 decided that the Exercise Price of the 1,500,000 new stock options would be fixed as Rs.7/- per stock option (as was the case with the original 3,000,000 stock options).

For and on behalf of the Board

**K R Krishnamurthy**

Chairman

DIN : 00556641

Place : Bengaluru

Date : October 29, 2018



## ANNEXURE IV

### **STATEMENT ON MANNER OF EVALUATION OF BOARD OF DIRECTORS, COMMITTEE AND INDIVIDUAL DIRECTORS:**

The Companies Act, 2013 has prescribed a new set of meeting known as exclusive meeting by Independent Directors to assign more responsibility and power to Independent Directors. As per schedule IV of the Companies Act, 2013, the Independent Directors shall hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of the management and all such directors shall strive to be present at the meeting.

The Independent Directors of the Company held such meeting on March 10, 2018. Amongst other matters, they reviewed the performance of Non-Independent Directors, and the Board as a whole, the performance of the Chairperson of the Company, taking into account the views of Executive Director and Non-executive Directors; and assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **Evaluation Criteria of the Board's performance:**

During the year under review, the Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Board functioning such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues etc., Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc., The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

For and on behalf of the Board

K R Krishnamurthy  
Chairman  
DIN :00556641

Place : Bengaluru  
Date : October 29, 2018

## ANNEXURE V

**DISCLOSURE FOR RATIO OF REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEE'S REMUNERATION AND OTHER DETAILS AS PER RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014**

Median remuneration for the financial year 2017-18 is Rs. 784,500 /- per annum. Mr. Sandeep Lakhwara, Managing Director is the only Director who draws remuneration of Rs. 8,400,000/- per annum. The ratio of the median remuneration to his remuneration is 1 : 11 (approx).

During the financial year, the %age increase in remuneration of Managing Director, Chief Financial Officer and Company Secretary was 'Nil'.

Mr. Sandeep Lakhwara, Managing Director was re-appointed for a term of 2 years with effect from May 1, 2016 at a monthly remuneration of Rs. 700,000/- with the approval of the shareholders at their AGM held on September 28, 2016.

The remuneration drawn by Mr. S. Subramaniam, Head-Legal & Company Secretary was Rs. 39.90/- lac per annum.

The remuneration drawn by Mr. K. Karunakaran, Chief Financial Officer was Rs. 31.50 lac per annum.

Details of remuneration of the Key Management Personnel are also furnished in Annexure VI to the Directors' Report.

The %age increase in the median remuneration of employees in the financial year is 'Nil'.

As at the end of the year, there were 16 permanent employees on the rolls of the Company.

Being a gold exploration company and considering the fact that the Company is yet to generate revenues, relationship between average increase in remuneration of employees / key managerial personnel and company performance is not comparable. Further, there has been no salary increases during the year 2017-18.

The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - Not applicable

It is affirmed that the remuneration is as per the remuneration policy of the Company.

**STATEMENT PURSUANT TO RULE 5(2) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Name of employee	Sandeep Lakhwara
Designation of employee	Managing Director
Remuneration received	Rs. 84,00,000/-
Nature of employment, whether contractual or otherwise	Re-appointed for a term of 2 years with effect from May 1, 2016 with the approval of the shareholders at their AGM held on September 28, 2016
Qualifications and experience of the employee	B.Bus., CPA (Australia)
Date of commencement of employment	July 31, 2002
Age of such employee	63 years
Last employment held by such employee before joining the Company	Independent Accounting Practice in Australia
% of equity shares held by the employee in the Company	1.45% (as on March 31, 2018)
Whether any such employee is a relative of any Director or Manager of the Company and if so, name of such Director or Manager	No

## DECCAN GOLD MINES LIMITED

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Any member desiring to have the information in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 may send a written request or write an email to the Company (info@deccangoldmines.com).

For and on behalf of the Board

K R Krishnamurthy  
Chairman  
DIN : 00556641

Place : Bengaluru  
Date : October 29, 2018

## ANNEXURE VI

## EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

CIN	L51900MH1984PLC034662
Registration Date	November 29, 1984
Name of the Company	DECCAN GOLD MINES LIMITED
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and contact details	Parinee Crescenzo, 803, 8th Floor, Opp. MCA C38-C39, G Block, Bandra Kurla Complex, Bandra (East) Mumbai 400051 Tel No: 022- 33040797 Fax No.: 022-26532440 Mail Id: info@deccangoldmines.com Website:www.deccangoldmines.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any:	Link Intime India Private Limited C-101, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400 083 Tel No: 022-49186000 Fax No.: 022-49186060 Mail Id: rnt.helpdesk@linkintime.co.in.

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product / service	% to total turnover of the Company
1	Gold exploration & mining	7295	The Company is yet to commence its operations.

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. N o.	Name and address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
1	Deccan Exploration Services Private Limited	U27205KA1997 PTC022819	Subsidiary	100%	2 (87)(ii)

# DECCAN GOLD MINES LIMITED

## I SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

### i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other – Foreign Company	25471252		25471252	28.09	25234068	-	25234068	27.04	(1.05)
Sub-total (A)(2):	25471252	-	25471252	28.09	25234068	-	25234068	27.04	(1.05)
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	<b>25471252</b>	-	<b>25471252</b>	<b>28.09</b>	<b>25234068</b>	-	<b>25234068</b>	<b>27.04</b>	<b>(1.05)</b>
B. Public Shareholding									
(1) Institutions	-	-	-	-					
a) Mutual Funds	-	-	-	-					
b) Banks / FI	-	-	-	-					
c) Central Govt	-	-	-	-					
d) State Govt(s)	-	-	-	-					
e) Venture Capital Funds	-	-	-	-					
f) Insurance Companies	-	-	-	-					
g) Foreign Portfolio Investors	5341243	-	5341243	5.89	4586394	-	4586394	4.92	(0.97)
h) Foreign Venture Capital Funds	-	-	-	-					
i) Others – Trusts	-	-	-	-	3000	-	3000	-	-
Sub-total (B)(1):	5341243	-	5341243	5.89	4589394	-	4589394	4.92	(0.97)
Central / Government / State Govt. / President of India	-	-	-	-	-	-	-	-	-
Sub Total (B)(2)	-	-	-	-	-	-	-	-	-
(2) Non-Institutions									
a) Individuals									

## ANNUAL REPORT 2018

i) holding nominal share capital up to Rs. 2 lac	31928034	130411	32058445	35.35	33141328	130211	33271539	35.65	0.30
ii) holding nominal share capital in excess of Rs. 2 lac	12749336	0	12749336	14.06	14341078	-	14341078	15.36	1.30
b) NBFCs regd. with RBI	-	-	-	-	-	-	-	-	-
c) Employee Trusts	-	-	-	-	-	-	-	-	-
d) Overseas Depositories (holding DRs)	-	-	-	-	-	-	-	-	-
e) Any other (specify)									
Hindu Undivided Family	1940825	-	1940825	2.14	2278166	-	2278166	2.44	0.30
NRIs (Non-Repatriable)	564777	-	564777	0.62	528398	-	528398	0.56	(0.06)
NRIs (Repatriable)	6529203	-	6529203	7.20	6420402	-	6420402	6.88	(0.32)
Directors	685239	-	685239	0.75	1350000	-	1350000	1.45	0.70
Clearing Member	837191	-	837191	0.92	874980	-	874980	0.94	0.02
Bodies Corporate	4499864	-	4499864	4.96	4439350	-	4439350	4.76	(0.20)
Sub-total(B)(3):	59734469	130411	59864880	66.02	63373702	130211	63503913	68.04	2.02
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)+ B(3)</b>	<b>65075712</b>	<b>130411</b>	<b>65206123</b>	<b>71.91</b>	<b>67963096</b>	<b>130211</b>	<b>68093307</b>	<b>72.96</b>	<b>1.05</b>
C. Non-Promoter – Non Public									
Custodian / DR Holder	-	-	-	-	-	-	-	-	-
Employee Benefit Trust {under SEBI (SBEB) Regulations, 2014}	-	-	-	-	-	-	-	-	-
<b>(Grand Total A+B+C)</b>	<b>90546964</b>	<b>130411</b>	<b>90677375</b>	<b>100</b>	<b>93197164</b>	<b>130211</b>	<b>93327375</b>	<b>100</b>	

## II. SHAREHOLDING OF PROMOTERS:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the Year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Rama Mines (Mauritius) Limited, Mauritius	25471252	28.09	Nil	25234068	27.04	Nil	(1.05)
	<b>Total</b>	<b>25471252</b>	<b>28.09</b>	<b>Nil</b>	<b>25234068</b>	<b>27.04</b>	<b>Nil</b>	<b>(1.05)</b>

## DECCAN GOLD MINES LIMITED

### iii. CHANGE IN PROMOTERS' SHAREHOLDING:

S I . No.		Shareholding at the beginning of the year			
		No. of shares	% of total shares of the Company		
	At the beginning of the year	25471252	28.09		
	Date-wise Increase / (Decrease)	No. of shares	%age	Shareholding after the (sale) / purchase	%age
	April 7, 2017#	Nil		25471252	27.80
	April 20, 21 & 26, 2017 (Sale)	(36217)	(0.04)	25435035	27.76
	June 19, 2017#	Nil	-	25435035	27.59
	August 21, 2017	(14306)	(0.01)	25420729	27.58
	September 9, 2017#	Nil	-	25420729	27.45
	October 16, 2017#	Nil	-	25420729	27.38
	November 20, 2017#	Nil	-	25420729	27.36
	December 19, 20, 22, 26 & 27, 2017	(115400)		25305329	27.23
	March 7, 2018 (Sales)	(35100)	(0.04)	25270229	27.19
	March 10, 2018#	-	Nil	25270229	27.08
	At the End of the year*	25234068	27.04		

\*36,161 shares are held in RMML's brokers' account as on March 31, 2018. After deducting the same, the shareholding of RMML is 25234068 shares (27.04%)

#change in shareholding due to issue of further shares by the Company on April 7, 2017, June 19, 2017; September 9, 2017; October 16, 2017; November 20, 2017; and March 10, 2018.

### iv. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

Attached to this Report as Annexure VI-A.



**v. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
(1)	Mr. Sandeep Lakhwara, Managing Director				
	At the beginning of the year	685239	0.75		
	Date-wise Increase / (Decrease)				
	April 3 & 5, 2017 (Sale)	(103792)	(0.11)	581447	0.64
	April 7, 2017# (Share issue under ESOP)	400,000	0.44	981447	1.08
	April 24, 2017 (Sale)	(43595)	(0.05)	937852	1.03
	June 14 & 15, 2017 (Sale)	(65000)	(0.07)	872852	0.95
	June 19, 2017#	300000	0.32	1172852	1.27
	July 4 & 27, 2017 (Sale)	(77852)	(0.08)	1095000	1.19
	August 31, 2017 & September 1, 2017 (Sale)	(100000)	(0.11)	995000	1.08
	September 7, 2017#	300,000	0.32	1295000	1.40
	October 12, 2017 (Sale)	(26500)	(0.02)	1268500	1.38
	October 16, 2017#	150,000	0.16	1418500	1.54
	October 23, 2017 (Sale)	(43500)	(0.05)	1375000	1.49
	November 20, 2017#	-	-	1375000	1.48
	January 4, 2018 (Sale)	(25000)	(0.03)	1350000	1.45
	March 10, 2018#	-	-	1350000	1.45
	At the End of the year*	1350000	1.45		
(2)	Mr. S.Subramaniam, Head-Legal & Company Secretary				
	At the beginning of the year	178282	0.20		
	Date-wise Increase / (Decrease)				
	April 7, 2017# (Issue of shares under ESOP)	100000	0.11	278282	0.31
	June 19, 2017#	-	(0.01)	278282	0.30
	August 17, 18 & 21, 2017	(19525)	(0.02)	258757	0.28
	September 7, 2017# (Issue of shares under ESOP)	35250	0.04	294007	0.32
	October 16, 2017#	-	-	294007	0.32
	October 24, 26 & 30, 2017 (Sale)	(33007)	(0.04)	261000	0.28
	November 2, 3 & 6, 2017 (Sale)	(26993)	(0.03)	234007	0.25
	November 20, 2017# (Issue of shares under ESOP)	10,650	0.01	244657	0.26
	March 10, 2018# (Issue of shares under ESOP)	145900	0.16	390557	0.42
	At the End of the year*	390557	0.42		

## DECCAN GOLD MINES LIMITED

(3)	Mr. K. Karunakaran, Chief Financial Officer				
	At the beginning of the year	104856	0.11		
	Date-wise Increase / (Decrease)				
	April 7, 2017# - Issue of shares under ESOP	47800	0.06	152656	0.17
	April 5 & 13, 2017 (Sale)	(6450)	(0.01)	146206	0.16
	June 19, 2017# - Issue of shares under ESOP	16000	0.01	162206	0.17
	June 19, 2017 (Sale)	(4627)	-	157579	0.17
	July 21, 25 & 26, 2017 (Sale)	(4103)	-	153476	0.17
	August 18, 2018 (Sale)	(17000)	(0.02)	136476	0.15
	September 7, 2017# - Issue of shares under ESOP	20000	0.02	156476	0.17
	October 16, 2017#	-	-	156476	0.17
	November 3 & 6, 2017 (Sale)	(35000)	(0.04)	121476	0.13
	November 20, 2017# - Issue of shares under ESOP	20000	0.02	141476	0.15
	December 19 & 21, 2017	(3900)	-	137576	0.15
	March 10, 2018# - Issue of shares under ESOP	188000	0.20	325576	0.35
	At the End of the year	325576	0.35		

#change in shareholding due to issue of further shares by the Company on April 7, 2017, June 19, 2017; September 9, 2017; October 16, 2017; November 20, 2017; and March 10, 2018.

Details of equity shares held by other Directors as on March 31, 2018 is as under:

Sr. No.	Name of the Non-Executive Director	No. of Shares held
1	Mr. K.R. Krishnamurthy	Nil
2	Prof Vinod Kumar Gaur	Nil
3	Ms Pratima Ram	Nil
4	Mr Govind Subhash Samant	3,275,317
5	Dr Modali Hanuma Prasad	183,555
6	Mr Kaushik Mukherjee	Nil

## II INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment - Nil

**III REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of Managing Director				Total Amount
		Mr. Sandeep Lakhwara				
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,400,000				8,400,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil				Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil				Nil
2	Stock Option#					
3	Sweat Equity	Nil				Nil
4	Commission	Nil				Nil
	- as % of profit					
	- others, specify					
5	Others, please specify	Nil				
	Total (A)	84,00,000				84,00,000
	Ceiling as per the Act	84,00,000				84,00,000

# On January 14, 2015 Mr Sandeep Lakhwara was granted 1,500,000 stock options under the Deccan Gold Mines Limited ESOP, 2014. Further, Mr Sandeep Lakhwara has been granted 750,000 stock options under the Deccan Gold Mines Limited ESOP, 2014 (amended 2016) on March 4, 2016 All these stock options have been exercised as of March 31, 2018.

**B. REMUNERATION TO OTHER DIRECTORS:**

Sl. No.	Particulars of Remuneration	Name of the Director (M/s.)						Total Amount (Rs.)
		K.R. Krishnamurthy	Vinod Kumar Gaur	Pratima Ram	Govind Subhash Samant	Modali Hanuma Prasad	Kaushik Mukherjee	
1	<b>Independent Directors</b>							
	Fee for attending Board / Committee meetings	140000	90000	115000				345000
	Commission	Nil	Nil					Nil
	Others, please specify	Nil	Nil					Nil
	Total (1)	140000	90000	115000				345000
2	<b>Other Non-Executive Directors</b>							Nil
	Fee for attending board / committee meetings				20000	60000	40000	120000
	Commission				Nil	Nil	Nil	Nil
	Others, please specify				Nil	Nil	Nil	Nil
	Total (2)							Nil

## DECCAN GOLD MINES LIMITED

	Total (B)=(1+2)							465000
	<b>Total Managerial Remuneration</b>	<b>140000</b>	<b>90000</b>	<b>115000</b>	<b>20000</b>	<b>60000</b>	<b>40000</b>	<b>465000</b>
	Overall ceiling as per the Act	The Non-executive Directors have not been paid any remuneration except sitting fee						

### C.REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT D

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
			Company Secretary	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		3990000	3150000	7140000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		Nil	Nil	Nil
2	Stock Option*		Nil	Nil	Nil
3	Sweat Equity		Nil	Nil	Nil
4	Commission		Nil	Nil	Nil
	- as % of profit				
	- others, specify				
5	Others, please specify		Nil	Nil	Nil
	Total		3990000	3150000	7140000

\*On March 10, 2015 CFO and Company Secretary have each been granted 291,800 stock options under the Deccan Gold Mines Limited ESOP, 2014. Further, on March 4, 2016 the CFO and Company Secretary have each been granted 145,900 stock options under the Deccan Gold Mines Limited ESOP, 2014 (amended 2016). All these stock options have been exercised as of March 31, 2018.

### IV PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: - Nil

For and on behalf of the Board

K R Krishnamurthy  
Chairman  
DIN: 00556641

Date: October 29, 2018  
Place: Bengaluru

## DECCAN GOLD MINES LIMITED ISIN : INE945F01025

## MGT-9 IV. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	NATIONAL WESTMINSTER BANK PLC AS TRUSTEE OF THE JUPITER INDIA FUND	3983355	4.2682			3983355	4.2682
	Transfer			09 Feb 2018	(4148)	3979207	4.2637
	Transfer			02 Mar 2018	(30296)	3948911	4.2312
	Transfer			09 Mar 2018	(61572)	3887339	4.1653
	Transfer			16 Mar 2018	(67133)	3820206	4.0933
	Transfer			23 Mar 2018	(197926)	3622280	3.8813
	AT THE END OF THE YEAR					3622280	3.8813
2	GOVIND SUBHASH SAMANT	3274817	3.5090			3274817	3.5090
	Transfer			23 Feb 2018	500	3275317	3.5095
	AT THE END OF THE YEAR					3275317	3.5095
3	DEVIINDER GUPTA	1832791	1.9638			1832791	1.9638
	Transfer			29 Dec 2017	265551	2098342	2.2484
	AT THE END OF THE YEAR					2098342	2.2484
4	MAHENDRA RATILAL SARVAIYA	2165000	2.3198			2165000	2.3198
	Transfer			21 Apr 2017	(20000)	2145000	2.2984
	Transfer			28 Apr 2017	(8000)	2137000	2.2898
	Transfer			26 May 2017	(19000)	2118000	2.2694
	Transfer			02 Jun 2017	(20000)	2098000	2.2480
	Transfer			23 Jun 2017	(1000)	2097000	2.2469
	Transfer			30 Jun 2017	(15000)	2082000	2.2309
	Transfer			07 Jul 2017	(5500)	2076500	2.2250
	Transfer			14 Jul 2017	(3550)	2072950	2.2212
	Transfer			21 Jul 2017	(18950)	2054000	2.2009
	Transfer			28 Jul 2017	(15700)	2038300	2.1840
	Transfer			04 Aug 2017	(5300)	2033000	2.1784
	Transfer			11 Aug 2017	(7000)	2026000	2.1709
	Transfer			18 Aug 2017	(3000)	2023000	2.1676
	Transfer			25 Aug 2017	(6600)	2016400	2.1606
	Transfer			01 Sep 2017	(9400)	2007000	2.1505
	Transfer			08 Sep 2017	(4000)	2003000	2.1462
	Transfer			15 Sep 2017	(7500)	1995500	2.1382
	Transfer			22 Sep 2017	(15500)	1980000	2.1216
	Transfer			06 Oct 2017	(3000)	1977000	2.1183
	Transfer			27 Oct 2017	(15200)	1961800	2.1021

## DECCAN GOLD MINES LIMITED

	Transfer			03 Nov 2017	(11800)	1950000	2.0894
	Transfer			29 Dec 2017	(30000)	1920000	2.0573
	Transfer			09 Feb 2018	(6000)	1914000	2.0508
	Transfer			16 Feb 2018	(10000)	1904000	2.0401
	Transfer			23 Feb 2018	(1000)	1903000	2.0391
	Transfer			02 Mar 2018	(6500)	1896500	2.0321
	Transfer			09 Mar 2018	(2500)	1894000	2.0294
	AT THE END OF THE YEAR					1894000	2.0294
5	ANAND MAHENDRA SARVAIYA	1681000	1.8012			1681000	1.8012
	Transfer			05 May 2017	(2500)	1678500	1.7985
	Transfer			16 Jun 2017	(20000)	1658500	1.7771
	Transfer			23 Jun 2017	(9000)	1649500	1.7674
	Transfer			28 Jul 2017	(6125)	1643375	1.7609
	Transfer			04 Aug 2017	(17375)	1626000	1.7423
	Transfer			11 Aug 2017	(4000)	1622000	1.7380
	Transfer			29 Sep 2017	(17000)	1605000	1.7198
	Transfer			06 Oct 2017	(3401)	1601599	1.7161
	Transfer			13 Oct 2017	(20999)	1580600	1.6936
	Transfer			20 Oct 2017	(18600)	1562000	1.6737
	Transfer			29 Dec 2017	(3000)	1559000	1.6705
	Transfer			16 Mar 2018	(1000)	1558000	1.6694
	Transfer			23 Mar 2018	(2500)	1555500	1.6667
	AT THE END OF THE YEAR					1555500	1.6667
6	M S P L L I M I T E D	1543575	1.6539			1543575	1.6539
	Transfer			07 Apr 2017	(5750)	1537825	1.6478
	Transfer			14 Apr 2017	4895	1542720	1.6530
	Transfer			21 Apr 2017	(2900)	1539820	1.6499
	Transfer			12 May 2017	10460	1550280	1.6611
	Transfer			19 May 2017	5000	1555280	1.6665
	Transfer			09 Jun 2017	(18976)	1536304	1.6461
	Transfer			16 Jun 2017	3676	1539980	1.6501
	Transfer			23 Jun 2017	13360	1553340	1.6644
	Transfer			30 Jun 2017	(3470)	1549870	1.6607
	Transfer			07 Jul 2017	(15920)	1533950	1.6436
	Transfer			14 Jul 2017	4040	1537990	1.6480
	Transfer			21 Jul 2017	(8350)	1529640	1.6390
	Transfer			28 Jul 2017	10830	1540470	1.6506
	Transfer			04 Aug 2017	6380	1546850	1.6574
	Transfer			11 Aug 2017	13720	1560570	1.6721
	Transfer			18 Aug 2017	(9100)	1551470	1.6624
	Transfer			25 Aug 2017	(16281)	1535189	1.6450

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	Transfer			01 Sep 2017	1911	1537100	1.6470
	Transfer			08 Sep 2017	7380	1544480	1.6549
	Transfer			15 Sep 2017	16490	1560970	1.6726
	Transfer			22 Sep 2017	4900	1565870	1.6778
	Transfer			29 Sep 2017	3290	1569160	1.6814
	Transfer			06 Oct 2017	(10213)	1558947	1.6704
	Transfer			13 Oct 2017	(29588)	1529359	1.6387
	Transfer			20 Oct 2017	9170	1538529	1.6485
	Transfer			27 Oct 2017	21165	1559694	1.6712
	Transfer			03 Nov 2017	6850	1566544	1.6785
	Transfer			10 Nov 2017	22159	1588703	1.7023
	Transfer			17 Nov 2017	29670	1618373	1.7341
	Transfer			24 Nov 2017	30450	1648823	1.7667
	Transfer			01 Dec 2017	2530	1651353	1.7694
	Transfer			08 Dec 2017	(34500)	1616853	1.7325
	Transfer			15 Dec 2017	(14326)	1602527	1.7171
	Transfer			22 Dec 2017	(57663)	1544864	1.6553
	Transfer			29 Dec 2017	5365	1550229	1.6611
	Transfer			05 Jan 2018	13300	1563529	1.6753
	Transfer			12 Jan 2018	(28820)	1534709	1.6444
	Transfer			19 Jan 2018	14486	1549195	1.6600
	Transfer			26 Jan 2018	19519	1568714	1.6809
	Transfer			02 Feb 2018	(37950)	1530764	1.6402
	Transfer			09 Feb 2018	47820	1578584	1.6914
	Transfer			16 Feb 2018	(8600)	1569984	1.6822
	Transfer			23 Feb 2018	(2270)	1567714	1.6798
	Transfer			02 Mar 2018	9839	1577553	1.6903
	Transfer			09 Mar 2018	120640	1698193	1.8196
	Transfer			16 Mar 2018	38050	1736243	1.8604
	Transfer			23 Mar 2018	(82262)	1653981	1.7722
	Transfer			31 Mar 2018	(124473)	1529508	1.6389
	AT THE END OF THE YEAR					1529508	1.6389
7	SANDEEP LAKHWARA	685239	0.7342			685239	0.7342
	Transfer			07 Apr 2017	(103792)	581447	0.6230
	Transfer			28 Apr 2017	356405	937852	1.0049
	Transfer			16 Jun 2017	(65000)	872852	0.9353
	Transfer			07 Jul 2017	272148	1145000	1.2269
	Transfer			28 Jul 2017	(50000)	1095000	1.1733
	Transfer			01 Sep 2017	(61000)	1034000	1.1079
	Transfer			08 Sep 2017	(39000)	995000	1.0661
	Transfer			22 Sep 2017	300000	1295000	1.3876
	Transfer			13 Oct 2017	(26500)	1268500	1.3592
	Transfer			27 Oct 2017	(43500)	1225000	1.3126



## DECCAN GOLD MINES LIMITED

	Transfer			10 Nov 2017	150000	1375000	1.4733
	Transfer			05 Jan 2018	(25000)	1350000	1.4465
	AT THE END OF THE YEAR					1350000	1.4465
8	JUPITER SOUTH ASIA INVESTMENT COMPANY LIMITED - SOUTH ASIA ACCESS FUND	1357888	1.4550			1357888	1.4550
	Transfer			05 Jan 2018	(47039)	1310849	1.4046
	Transfer			12 Jan 2018	(132929)	1177920	1.2621
	Transfer			19 Jan 2018	(117702)	1060218	1.1360
	Transfer			09 Feb 2018	(1104)	1059114	1.1348
	Transfer			02 Mar 2018	(8064)	1051050	1.1262
	Transfer			09 Mar 2018	(16389)	1034661	1.1086
	Transfer			16 Mar 2018	(17867)	1016794	1.0895
	Transfer			23 Mar 2018	(52680)	964114	1.0330
	AT THE END OF THE YEAR					964114	1.0330
9	S A N D H Y A   G U P T A	686291	0.7354			686291	0.7354
	Transfer			12 May 2017	94173	780464	0.8363
	Transfer			05 Jan 2018	22001	802465	0.8598
	Transfer			12 Jan 2018	600	803065	0.8605
	AT THE END OF THE YEAR					803065	0.8605
10	VIMLA DEVI SONKIA	746359	0.7997			746359	0.7997
	AT THE END OF THE YEAR					746359	0.7997

Note: 1. Paid up Share Capital of the Company (Face Value Rs. 1.00) at the end of the year is 93327375 Shares.

2. The details of holding has been clubbed based on PAN.

3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

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**SECRETARIAL AUDIT REPORT**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

To  
The Members  
Deccan Gold Mines Limited  
The Parinee Crescenzo, 803, 8th Flr, Opp. MCA Ground C38-C39,  
G Block, Bandra Kurla Complex, Bandra(E)  
Mumbai – 400051

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Deccan Gold Mines Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March, 2018, complied with the statutory provisions listed here under and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in Annexure I, for the financial year ended on 31st March, 2018, according to the provisions of:
  - (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - ii. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; and
    - iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
    - iv. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:-
  - i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - iii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - iv. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
  - v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
3. Provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investments and External Commercial Borrowings were not applicable to the Company under the financial year under report.

## DECCAN GOLD MINES LIMITED

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4. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with other Acts, Laws and Regulations applicable specifically to the Company, viz.
- i) The Mines and Minerals (Regulation and Development) Act, 1957
  - ii) The Mines Act, 1952
  - iii) The Mines Rules, 1955
  - iv) The Mineral Concession Rules, 1960
  - v) The Mineral Conservation and Development Rules, 1988
  - vi) Mines Rescue Rules, 1985
  - vii) The Forest (Conservation) Act, 1980
  - viii) The Forest (Conservation) Rules, 1981
  - ix) The Karnataka Shops and Commercial Establishments Act, 1961
  - x) The Karnataka Tax On Professions, Trades, Callings And Employment Act, 1976

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India under the provisions of the Companies Act, 2013.

During the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above

### **We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

None of the members have communicated dissenting views, in the matters / agenda proposed from time to time for consideration of the Board and its Committees thereof, during the year under the report, hence were not required to be captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under report, the Company has not undertaken any event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **RATHI & ASSOCIATES**  
COMPANY SECRETARIES

JAYESH M. SHAH  
PARTNER  
FCS No. 5637  
COP No. 2535

Date: October 29, 2018  
Place: Mumbai

Note: This report should be read with our letter of even date which is annexed as Annexure-II and forms an integral part of this report.

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**ANNEXURE - I****LIST OF DOCUMENTS VERIFIED**

1. Memorandum & Articles of Association of the Company;
2. Annual Report for the financial year ended 31st March, 2017;
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee of the Company along with the respective Attendance Registers for meetings held during the financial year under report;
4. Minutes of General Body Meeting held during the financial year under report;
5. Copies of Notice, Agenda and Notes to Agenda circulated to all the directors / members for the Board Meetings and Committee Meetings.
6. Proof of circulation and delivery of notice, agenda and notes to agenda for Board and Committee meetings.
7. Proof of circulation of draft as well as certified signed Board & Committee meetings minutes as per Secretarial Standards.
8. Policies framed by the Company viz.:
  - Policy on Related Party Transactions;
  - Whistle Blower Policy;
  - Risk Management Policy;
  - Nomination & Remuneration Policy;
  - Code of Conduct for Independent Directors;
  - Policy for Determination of Material Events;
  - Archival Policy for preservation of documents and
  - Directors Appointment and Evaluation Policy.
9. Statutory Registers viz.
  - Register of Directors & Key Managerial Personnel and their shareholding
  - Register of loans, guarantees and security and acquisition made by the Company (Form No. MBP-2),
  - Register of Contracts with related party and contracts and Bodies etc. in which directors are interested (Form No. MBP-4), and
  - Register of Charge (Form No. CHG-7).
10. Declarations received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2) and Section 149(7) of the Companies Act, 2013;
11. Intimations received from directors and other insiders under the prohibition of Insider Trading Code;
12. E-Forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report;
13. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year under report;
14. Documents related to issue of shares under ESOP scheme viz. ESOP scheme, Exercise Forms, Listing applications, Corporate Action Form, etc. filed with the Stock Exchanges and listing approvals received thereon;
15. E-mails evidencing dissemination of information related to closure of Trading window;
16. Internal Code of Conduct for prevention of Insider Trading by Employees /Directors/Designated Persons of the Company;
17. Compliance Certificate placed before the Board of Directors from time to time;
18. Details of Sitting Fees paid to all directors for attending the Board Meetings and Committees.

# DECCAN GOLD MINES LIMITED

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## ANNEXURE - II

To,  
**The Members**  
**DECCAN GOLD MINES LIMITED**  
Parinee Crescenzo, C38-C39, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400 051

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **RATHI & ASSOCIATES**  
COMPANY SECRETARIES

JAYESH M. SHAH  
PARTNER  
FCS No. 5637  
COP No. 2535

Date: October 29, 2018  
Place: Mumbai

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INTRODUCTION

Deccan Gold Mines Limited (“DGML”) is the first and only gold exploration Company listed on the Bombay Stock Exchange Limited (BSE). It was established in the year 2003 by Australian promoters with deep roots in the mining and exploration sector. Since its inception, DGML and its wholly owned subsidiary Deccan Exploration Services Private Limited (DESPL) have actively pursued gold exploration activities through adoption of modern methods and latest technology in all of its exploration prospects.

With a portfolio of green-field and advanced stage gold projects, DGML has been accumulating and developing some of India’s finest gold prospects and is continuously working towards its long standing vision of bringing into production the first private sector gold mine in the State of Karnataka, South India.

The key project of DESPL is the Ganajur Gold Project situated in the State of Karnataka. Apart from this, DGML and DESPL have also got high potential pipeline of Projects that are at various stages of development like Mangalagatti, Bhavihal and Hirenagnur Projects in the State of Karnataka. A comprehensive list of the prospects of DGML and DESPL and their current status have been provided under the heading “Status of mineral concession applications”.

Details of the operations of DGML & DESPL have been provided under the heading “Report on Exploration Activities”.

### INDUSTRY REVIEW

India’s geological set up is similar in many ways to that of mineral rich countries like Canada, Australia, Brazil, South Africa, Chile, Mexico and others. Geologically, India also has a shared history with Western Australia and parts of Africa as these were formerly part of the Gondwana Super Continent that existed 300 million years ago.

Till the 20th Century, India’s gold production was dominated by Kolar Gold fields. The Kolar Gold fields produced more than 800 tonnes of gold during its 120 year history before its closure in 2001 (Source: Geological Survey of India portal [www.gsi.gov.in](http://www.gsi.gov.in)). The other gold producer in India currently is Hutti Gold Mines Limited (“HGML”), fully owned by Government of Karnataka. During the period from 1947-2017, it produced 89.59 tonnes of gold. (Source: [www.huttigold.co.in/hutti/index/huttiatglance](http://www.huttigold.co.in/hutti/index/huttiatglance)). India’s gold production averages just about 2 tons a year while its gold consumption stood at 963 tons for 2017.

During 2017, India produced 1.6 tons of gold against Australia’s 300 tons; Canada’s 180 tons; South Africa’s 145 tons; Mexico’s 110 tons and Brazil’s 85 tons.

According to the National Mineral Inventory (NMI) data, as on April 1, 2015, the total reserves / resources of gold ore in the country have been estimated at 501.83 million tons. Out of this, 17.22 million tons were placed under reserves category and the remaining 484.61 million tons under remaining resources category. (Source: Indian Minerals Yearbook 2017- Part II: Metals & Alloys - Gold released by Indian Bureau of Mines, March 2018).

The “Obvious Geological Potential Area” in respect of gold is approx 102,809 sq kms.

Despite this obvious geological potential, the question that must be asked is why does India lag so far behind other mineral rich countries in terms of gold production? Key reasons are as under:

- **Lack of adequate exploration / exploration spending:** India, though considered among mineral-rich countries, hardly spends much on exploration. The amount most commonly mentioned is around USD 15 million annually. In contrast, Canada and Australia spent USD 1.11 billion and USD 1.08 billion respectively on exploration activities during 2017. (Source: FIMI Report on deep seated minerals – 2018). It is not possible to make gold discoveries without spending on gold exploration and no discoveries mean no production.
- **Minimal private sector participation particularly in exploration of strategic and deep-seated mineral deposits:** Whilst the expertise and technology to explore and extract these minerals is available with private companies, there has been minimal private sector participation in exploration of prospects in India. Historically, only government sector agencies have participated in exploration in India atleast until the 1990’s when the then Government of India opened up this sector to Private and Foreign Direct Investment. No mineral rich country has developed its mining industry on the basis of government exploration alone over the last few decades.

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The Government in these countries instead create favourable conditions and provide necessary data to the private exploration companies to explore. However, in India, some of the Rules framed by the Government do not encourage exploration by private sector. Please refer to the Section “Outlook and Opportunities” in the following pages for a commentary on these Rules.

- **Indian regulatory environment is not conducive to making large investments in the exploration sector:** It takes years to process licences; there is complete lack of transparency in processing; lack of proper understanding of mining legislation by those processing the applications; mining legislation is itself grey in several areas leaving its interpretation open; mineral concession applications have to go through a myriad of desks which causes a lot of frustration. In contrast, the Government in mineral rich countries encourage private companies to undertake detailed exploration by providing various incentives such as timely grant of mineral concessions, security of tenure and seamless transition of exploration licenses to mineral concessions as well as freedom to sell / transfer the concessions at any stage of its development.

To enable increased gold production in the country, Government of India should promote and facilitate gold exploration and mining by improving the regulatory environment and fast-tracking grant of mineral concession licences.

### 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 under the heading “Status of mineral concession applications”.

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 is engaged in the business of gold exploration and mining, but has not commenced mining operations. Our exploration and mining activities depend on the timely grant and renewal of mineral concession licences. Other risks include actual resources differing from estimates, operational delays and availability of equipment, personnel and infrastructure.

Stakeholders should be aware that a number of important factors could cause actual results to differ materially from our plans, objectives, expectations, estimates and intentions. These factors include, but are not limited, to:

- (a) General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- (b) Increasing competition in or other factors affecting the industry segment in which our Company operates;
- (c) Changes in laws and regulations relating to the industry in which we operate;
- (d) Our ability to meet our capital expenditure requirements and / or increase in capital expenditure;
- (e) Fluctuations in operating costs and impact on the financial results;
- (f) Our ability to attract and retain qualified personnel;
- (g) Changes in technology in future;
- (h) Changes in political and social conditions in India or in countries that we may enter, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
  - (i) The performance of the financial markets in India and globally; and
  - (j) Any adverse outcome in the legal proceedings in which we are involved.

All the above factors notwithstanding, the 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.

### OUTLOOK AND OPPORTUNITIES

Minerals can be broadly divided into two categories – surfacial deposits eg., iron ore and and deep-seated / concealed deposits eg., gold. Both these categories require detailed exploration but deep-seated minerals which are very vital for India, require state-of-the-art technologies and heavy financial expenditure. The need for systematic and detailed exploration and development of the deep-seated minerals can be realized from the fact that India



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imported 3324 tons of gold during the 4 financial years from 2013-14 to 2016-17 at an approximate value of Rs. 7.69 lac crore (Source: FIMI Report on deep seated minerals – 2018). This demonstrates that India is wholly or substantially dependent on gold import to meet its ever increasing demand.

The Ministry of Mines, Government of India (MoM) notified the Mineral (Non-Exclusive Reconnaissance Permits) Rules, 2015 (“Rules”) with effect from June 29, 2015 which delineates its exploration policy. Unfortunately, these Rules offer no incentive to companies to undertake exploration activities. Some of these Rules are noted below.

Rule 3(11) of these Rules enables the State Government to notify all or any part of such area for which a Non-Exclusive Reconnaissance Permit (NERP) has been granted to a Company for grant of a mining lease or a prospecting licence-cum-mining lease to another Company and upon such notification, the validity of all NERPs over such notified area will stand automatically terminated. In other words, despite undertaking exploration in an area under NERP, the State government can grant a mining lease or a prospecting licence-cum-mining lease to another party in the same area.

Rule 4(1) facilitates the NERP holder to submit its findings to the State Government and also request the State government to conduct auction for grant of a prospecting licence-cum-mining lease or a mining lease based on such findings.

Schedule II to the Rules provides the format for granting of NERP. Condition 4(e) therein stipulates that the NERP holder shall not be entitled to make any claim for the grant of any Composite Licence or Mining Lease on the basis of NERP.

It is submitted that with these Rules in place, no private sector Indian Company or Foreign Direct Investor will support or undertake exploration in the country in the future.

In complete contrast to the Rules noted above, the National Mineral Exploration Policy, 2016 (NMEP) provides as under:

- The Government will launch a special initiative to probe deep-seated / concealed mineral deposits - para 4.1(iv)
- The Government’s objective is to facilitate, encourage and incentivize private sector participation in all spheres of mineral exploration. Government intends to harness the technical expertise, technological capability and the financial resources of the private sector to discover and exploit the country’s vast mineral resources - para 12.1
- Different options can be exercised in combination or alone to attract global level exploration agencies for carrying out exploration especially for concealed and deep seated minerals like diamond, gold, PGE, nickel etc., which require specialized technical knowledge and the latest technology - para 12.10
- To achieve private sector participation, Government has also realized that participation of private sector in exploration depends on the following:
  - (a) Availability and free accessibility of comprehensive, pre-competitive baseline geosciences data;
  - (b) Incentives structures that provide an appropriate risk-return scenario; and
  - (c) Ease of doing business and earning attractive returns from the investment. - para 12.2

A positive factor of the MMDR Amendment Act, 2015 that came into effect from January 12, 2015 is that it deals with and protects the rights of the existing concession holders. Section 10A(2)(b) introduced into MMDR by the said Amendment Act facilitates seamless transfer for the holder of a Reconnaissance Permit or a Prospecting License that were granted prior to the commencement of the Amendment Act to progress to Mining Lease grant.

However, the said MMDR Amendment Act, 2015 also provides for auction of notified minerals and prospecting-cum-mining lease for minerals other than notified minerals. In this regard, it is opined that while auction may be feasible for surfacial deposits like iron ore, limestone etc, which are in abundance, only time will bear out its relevance for deep-seated minerals like gold.

The Government of India has to make appropriate changes in MMDR Act, 1957 and related Rules as well as in its Mineral (Non-Exclusive Reconnaissance Permits) Rules, 2015 noted above so that the Rules support the NMEP and are not at odds with it.

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The Government has to also ensure that in line with the practice followed in resource-rich countries:

- Once non-exclusive reconnaissance permit (NERP) is issued in favour of a party, no area coming within its ambit can be auctioned either for mining lease (ML) or prospecting-cum-mining lease (PL-cum-ML).
- Whichever holder of NERP comes on the ground first will have the priority on the area selected by him for detailed exploration.
- The balance area out of NERP can be explored by the other NERP holder(s), if any.
- In order that the area selected for detailed exploration is not blocked after a gap of an initial period, there has to be some annual charges (something on the pattern of dead rent), per hectare (or per sq. kilometre). These charges can go on increasing after a gap of every two or three years. These charges are in addition to whatever expenditure is incurred by the holder of NERP on exploration.
- Last but most important, Government should obtain forest and environment clearances before granting PL / ML.

### **Facilitating entry of private Junior Exploration Companies in mineral exploration**

For encouraging private junior exploration companies who have the latest technologies and necessary financial wherewithal, the Government of India has to assure that

- the NERP will be seamlessly converted into PL-cum-ML or ML depending upon data generated during exploration.
- there should be freedom to sell PL-cum-ML or ML to any prospective buyer
- the NERP / PL-cum-ML / ML holder should have the freedom to enter into joint venture or partnership with anybody.
- there should be security of tenure with provision to renew the lease if there is mineral still available in the deposit.

(Source: FIMI Report on deep seated minerals, March 2018)

To sum up, if a proper blend of strategy and policy is adopted, which is attractive, stable and long-term, India's gold production could grow from its current low level.

### **ADEQUACY OF INTERNAL CONTROL**

The Company has in place adequate internal control systems commensurate with its size and operations, 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.

## REPORT ON CORPORATE GOVERNANCE

for the year ended and as on March 31, 2018

Your Directors are pleased to present the Report on Corporate Governance in compliance with the Corporate Governance provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations 2015').

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

Corporate governance is essentially a set of standards, systems and procedures aimed at effective, honest, transparent and responsible management of a Company within the applicable statutory and regulatory structures.

Good corporate governance practices help support and strengthen corporate actions aimed at achieving the corporate objectives. The Company's principal corporate objective, like that of any corporate business entity, is to perpetuate its business while protecting and enhancing, over the long term, the value of the investments of its shareholders.

Your Company's management and Board of Directors are committed to ensure good corporate governance standards and disclosure practices in its operations.

### 2. BOARD OF DIRECTORS

- a) Composition and category of directors, number of other Board and Board Committees in which they are Chairperson / Member

As on March 31, 2018, the Board comprised 7 Directors of which one is an Executive Director and the other 6 are Non Executive Directors. Out of the 6 Non Executive Directors, 3 are Independent Directors and the other 3 are Non-Independent Directors. The Chairman of the Board is a Non Executive Independent Director and one-third of the Board comprises of Independent Directors.

The Board is well-balanced with members from diverse backgrounds who have long experience and expertise in their respective fields.

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

Name of the Director	Designation	Category of Directorship	No. of other Directorships	No. of other Committee Memberships #	
				Chairman	Member
Mr. Charles E.E. Devenish*	Chairman	Non-Independent, Non-Executive	3	Nil	Nil
Mr. Sandeep Lakhwara	Managing Director	Executive	Nil	Nil	Nil
Mr. K.R. Krishnamurthy*	Chairman	Non-Executive, Independent	1	Nil	Nil
Prof. V.K. Gaur	Director	Non-Executive, Independent	Nil	Nil	Nil
Ms. Pratima Ram	Director	Non-Executive, Independent	8	Nil	6
Mr Govind Subhash Samant	Director	Non-executive, Non-Independent	Nil	Nil	Nil
Dr Modali Hanuma Prasad	Director	Non-executive, Non-Independent	2	Nil	Nil
Mr Kaushik Mukherjee	Director	Non-executive, Non-Independent	Nil	Nil	Nil

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### # Notes:

1. For the purpose of considering the limit of directorship positions, foreign companies have been excluded.
2. For the purpose of considering the limit of committee membership positions, membership of only Audit Committee and Stakeholders Relationship Committee have been considered.
3. There are no inter-se relationships amongst the directors.
4. \*Mr. Charles E.E. Devenish resigned as a Director (Chairman) of the Company with effect from 12th December, 2017 and Mr. K.R. Krishnamurthy, Director of the Company was appointed as the Chairman of the Board in place of Mr. Charles E.E. Devenish.

### b) Reappointment of Directors

Detailed profile (s) of Mr. Sandeep Lakhwara whose reappointment as Managing Director for a period of one year w.e.f. May 1, 2018 to April 30, 2019 and Mr. Govind Subhash Samant, Dr Modali Hanuma Prasad and Mr Kaushik Mukherjee who are being proposed for appointment as Directors at the ensuing Annual General Meeting are furnished along with the Notice convening the said meeting.

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

Six Board Meetings were held during the financial year 2017-18. These meetings were held on May 23, 2017; August 12, 2017; September 14, 2017; December 12, 2017; February 13, 2018 and March 10, 2018.

### 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 November 27, 2017 are as follows:

Name of the Director	No. of Board Meetings attended	Attendance at the last Annual General Meeting (Yes / No)
Mr. Charles E.E. Devenish*	4	Yes
Mr. Sandeep Lakhwara	5	Yes
Mr. K.R. Krishnamurthy*	6	Yes
Prof. V.K. Gaur	4	Yes
Ms. Pratima Ram	5	No
Mr Govind Subhash Samant*	1	N.A.,
Dr Modali Hanuma Prasad*	3	N.A.,
Mr Kaushik Mukherjee*	2	N.A.,

\*

- (a) Mr. Charles E.E. Devenish ceased to be a Director / Chairman consequent upon his resignation w.e.f. December 12, 2017. The Board at its meeting held on December 12, 2017 accepted the resignation and appointed Dr. Modali Hanuma Prasad as Director upon his nomination by the Promoter viz., Rama Mines Mauritius Limited, Mauritius (RMML) in place of Mr. Charles Devenish.
- (b) The Board appointed Mr. Govind Subhash Samant as a Director at its meeting held on December 12, 2017.
- (c) The Board appointed Mr. Kaushik Mukherjee as a Director at its meeting held on February 13, 2018.

### Separate meeting of Independent Directors

A separate meeting of Independent Directors was held on March 10, 2018 which was attended by all of them.

### Code of conduct

The Code for Conduct for Directors and Senior Management is in force and the said Code is also posted on the Company's website.

### 3. AUDIT COMMITTEE

a) Brief description of terms of reference and powers:

- (i) The recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- (ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- (iii) Examination of the financial statement and the auditors' report thereon.
- (iv) Approval or any subsequent modification of transactions of the Company with related parties.
- (v) Scrutiny of inter-corporate loans and investments.
- (vi) Valuation of undertakings or assets of the Company, wherever it is necessary. Evaluation of internal financial controls and risk management systems.
- (vii) Monitoring the end use of funds raised through public offers and related matters.
- (viii) 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;
- (ix) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- (x) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - 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.
- (xi) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- (xii) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- (xiii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- (xiv) 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.
- (xv) Discussion with internal auditors of any significant findings and follow up there on.
- (xvi) 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.
- (xvii) 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.
- (xviii) 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.
- (xix) To review the functioning of the Whistle Blower mechanism.
- (xx) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including observations of the auditors and review of financial statement before their submission to the Board and may discuss any related issues with the internal and statutory auditors and the management of the Company.

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The Audit Committee shall also have authority to investigate into any matters specified under (ii) to (viii) above or such other matters referred to it by the Board and for this purpose shall have the power to obtain professional advice from external sources and have full access to information contained in the records of the company.

The auditors of the Company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditors' report but shall not have the right to vote.

### b) Composition, name of members & Chairperson

As of March 31, 2018 the Committee comprised of 3 Non Executive Independent Directors. All the members of the Committee are financially literate. The Chairman of the Committee is an Independent Director and is the member with accounting or related financial management expertise.

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

Name of member	Designation
Ms. Pratima Ram	Chairman
Mr. K.R. Krishnamurthy	Member
Prof Vinod Kumar Gaur	Member

### c) Meetings and attendance during the year

Four meetings of the Audit Committee were held during the financial year 2017-18. These meetings were held on May 23, 2017; August 12, 2017; December 12, 2017 and February 13, 2018.

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

Name of Member	No. of Meetings Attended
Ms Pratima Ram	3
Mr K.R. Krishnamurthy	4
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.
- e) The Chairman of the Audit Committee was not present at the last Annual General Meeting held on November 27, 2017. However, the Chairperson authorised one of the Committee Members to answer the queries on the accounts, if any, at the said AGM.

## 4. NOMINATION & REMUNERATION COMMITTEE

### a) Brief Description of terms of reference

Although a non-mandatory requirement, the Company has constituted a Remuneration Committee and the name of the Committee was changed to Nomination and Remuneration Committee. This Committee functions as the Compensation Committee / Nomination & Remuneration Committee under the supervision and control of the Board of Directors in accordance with the applicable SEBI Guidelines and for the purposes of Section 178 of the Companies Act, 2013.

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 Chairperson

The Committee comprises of Non Executive Independent Directors and at the beginning of the year i.e., April 1,

2018, Mr K R Krishnamurthy was the Chairman of the Committee with Prof Vinod Kumar Gaur and Ms Pratima Ram being the members.

Consequent upon his appointment as Chairman of the Board, Mr K R Krishnamurthy was relieved from the Chairmanship of the Committee (whilst being retained as a Member of the Committee) and Prof Vinod Kumar Gaur was appointed as Chairman of the Committee w.e.f. December 12, 2017.

The present Constitution of the Nomination and Remuneration Committee is as under:

Name of member	Designation
Prof Vinod Kumar Gaur	Chairman*
Mr K R Krishnamurthy	Member^
Ms Pratima Ram	Member

\*appointed as the Chairman of the Committee w.e.f. December 12, 2017

^Chairman of the Committee upto December 12, 2017

### c) Attendance during the year

The Nomination & Remuneration Committee met nine times during the year. The meetings held on April 7, 2018; June 19, 2017; September 7, 2017; October 16, 2017; November 20, 2017; December 12, 2017; January 16, 2018; February 13, 2018 and March 10, 2018. These meetings were held for issue of shares upon exercise of stock options / recommendation of induction of Board Members.

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

Name of Member	No. of Meetings Attended
Prof Vinod Kumar Gaur*	8
Mr K.R. Krishnamurthy	9
Ms Pratima Ram	8

\* Chairman of the Committee w.e.f. December 12, 2017

### d) Remuneration Policy & details of remuneration to all Directors

#### i) Management Staff

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

#### ii) Non-Executive Directors

The Company pays sitting fees to all the Non-executive Directors of the Company for attending Board & Audit Committee Meetings. The sitting fees paid is within the limits prescribed under the Companies Act, 2013.

Details of the sitting fee paid to Non Executive Directors during the year 2017-18 is as under:

Name of the Director / Member	Sitting Fees paid for attending meetings of (In Rs.)	
	Board	Audit Committee
Ms Pratima Ram	100,000	15,000
Mr K.R. Krishnamurthy	120,000	20,000
Prof Vinod Kumar Gaur	80,000	10,000
Mr Govind Subhash Samant*	20,000	-
Dr Modali Hanuma Prasad*	60,000	-
Mr Kaushik Mukherjee#	40,000	-
Total	420,000	45,000

\*Inducted into the Board w.e.f. December 12, 2017

#Inducted into the Board w.e.f. February 13, 2018

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Apart from sitting fees for attending the Committee Meetings and Board Meetings, Non- executive directors had neither any other pecuniary relationship nor any transactions with the Company.

### iii) Executive Directors

Mr. Sandeep Lakhwara is the only Executive Director of the Company. The aggregate of the salary paid in the financial year 2017 – 18 to Mr. Sandeep Lakhwara, Managing Director is Rs. 84,00,000/-. The said remuneration was paid as per the approval of shareholders of the Company. Apart from the managerial remuneration, the Managing Director had not received any other monetary benefits from the Company.

Mr Sandeep Lakhwara was granted 1,500,000 stock options under the Deccan Gold Mines Limited ESOP 2014 and 750,000 stock options under the Deccan Gold Mines Limited ESOP 2014 (Amended 2016).

## STAKEHOLDERS RELATIONSHIP COMMITTEE

### a) Chairman of 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 2017-18. These meetings were held on May 23, 2017; August 12, 2017; December 12, 2017 and February 13, 2018.

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

Name of Director	Designation	No. of Meetings Attended
Mr K.R. Krishnamurthy	Chairman	4
Mr Sandeep Lakhwara	Member	3
Ms Pratima Ram	Member	3

### b) Compliance Officer

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

### c) Shareholder Complaints

During the financial year 2017 – 18, the Company did not receive any investor complaints. 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
2014-15	30/12/2015	2.30 pm	Banquet Room, Ground Floor, West End Hotel, 45 New Marine Lines, Mumbai 400 020
2015-16	28/09/2016	2.00 pm	Boundary Hall, 1st Floor, Mumbai Cricket Association Recreation Centre, RG-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051
2016-17	27/11/2017	3.00 pm	Boundary Hall, 1st Floor, Boundary Hall, 1st Floor, Mumbai Cricket Association Recreation Centre, RG-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051



**ii) Special Resolutions during previous three Annual General Meetings:**

Date of AGM	Particulars of Special Resolutions Passed
September 28, 2016	Reappointment of Mr Sandeep Lakhwara as Managing Director for a period of 2 years with effect from May 1, 2016

(iii) During the financial year 2017-18, no resolutions were passed through Postal Ballot.

(iv) During the reporting period, no Extra-Ordinary General Meeting was convened.

**7. DISCLOSURES**

- 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 March 31, 2018.
- 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.
- The Company has complied with all the mandatory requirements as contained in Regulation 17 to 27 and Regulation 46 (2) (b) to (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- There is no non compliance with any requirement of Corporate Governance Report.
- Disclosures with respect to discretionary requirements - the Company has not implemented the non-mandatory/ discretionary requirements as prescribed pursuant to Regulation 27 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The policy for determining 'material' subsidiaries is available at <http://deccangoldmines.com/wp-content/uploads/2018/11/Policy-on-Material-Subsidiaries.pdf>.
- The policy on dealing with related party transactions is available at <http://deccangoldmines.com/wp-content/uploads/2018/11/Independent-Directors-Familiarisation-Programme.pdf>
- The Company has not carried out any activities related to trading in commodities and has not used any commodities in its operations during the financial year review. Hence, there were no commodities hedging activities. Further, the Company has not carried out hedging of foreign currency transactions.

**8. MEANS OF COMMUNICATION**

- The quarterly results are published in English and Marathi newspapers generally in Free Press Journal and Navshakti. Further, they are also submitted to the BSE Limited upon their approval by the Board of Directors and are available on the website of BSE Limited ([www.bseindia.com](http://www.bseindia.com)).
- The website of the Company ([www.deccangoldmines.com](http://www.deccangoldmines.com)) also displays official news releases issued on behalf of the Company.
- No presentations were made to institutional investors or to the analysts during the year under review.

**9. GENERAL SHAREHOLDER INFORMATION**

- Annual General Meeting:

Day / Date	Thursday, December 20, 2018
Time	2.30 p.m.
Venue	Boundary Hall, 1st Floor, Mumbai Cricket Association Recreation Centre, RG-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400051

- Financial Year:

The Company follows April-March as its financial year. The audited financial results (stand alone and consolidated) for the year ended March 31, 2018, has been published by the Company upon approval of the Audit Committee and Board of Directors of the Company at their meeting held on May 23, 2018. Further, the unaudited financial results for the quarter ended June 30, 2018 and quarter / half-year ended September 30, 2018 has been published

## DECCAN GOLD MINES LIMITED

by the Company upon approval of the Audit Committee and Board of Directors of the Company at their meeting (s) held on August 14, 2018 and October 29, 2018 respectively.

The financial calendar would be as under:

Unaudited financial results for quarter/ year ending	Reporting Date (tentative)
December 31, 2018	By February 14, 2019
March 31, 2019	By May 30, 2019
Annual General Meeting for the year ending March 31, 2019	By September 30, 2019

### iii. Date of Book Closure

December 10, 2018 (Monday) to December 20, 2018 (Thursday) - both days inclusive

### iv. Dividend Payment Date

Not applicable

### v. Listing on Stock Exchanges

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

### vi. Stock Code

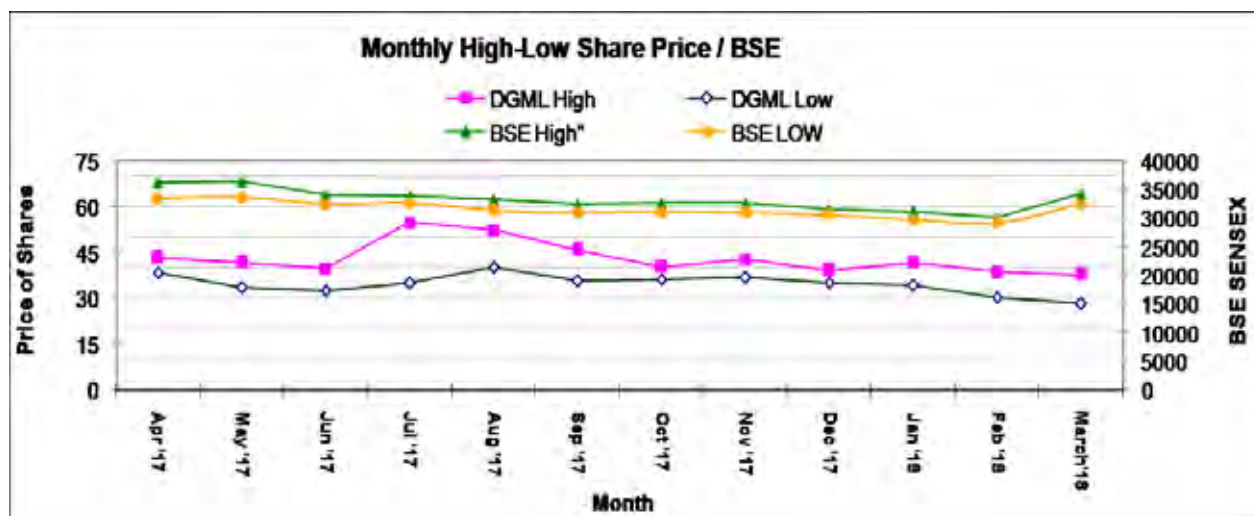
512068 (BSE)

### 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	DGML High	DGML Low	BSE High	BSE low
April 2017	43.40	38.40	36,256.83	33,482.81
May 2017	41.90	33.70	36,443.98	33,703.37
June 2017	39.80	32.70	34,137.97	32,565.16
July 2017	55.00	35.10	33,865.95	32,683.59
August 2017	52.50	40.30	33,340.17	31,440.48
September 2017	45.90	35.75	32,524.11	31,081.83
October 2017	40.45	36.15	32,686.48	31,128.02
November 2017	42.90	37.00	32,672.66	31,017.11
December 2017	39.30	35.25	31,522.87	30,680.66
January 2018	42.00	34.55	31,255.28	29,804.12
February 2018	38.75	30.50	30,184.22	29,241.48
March 2018	37.90	28.35	34,278.63	32,483.84

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



## ix. Registrar and Transfer Agents

Link Intime India Private Limited  
 C 101, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400 083  
 Tel : 91-22-49186000  
 Fax : 91-22-49186060  
 Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## x. Share Transfer System

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

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

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

## xi. Shareholding Pattern &amp; Distribution of Shareholding

(a) Shareholding Pattern (as at March 31, 2018)

Sr. No.	Category	No. of Shares held	%
1	Promoter Group	25234068	27.04
2	Foreign Portfolio Investors (Corporate)	4586394	4.91
3	Bodies Corporate	4439350	4.76
4	Individual public shareholders holding share capital up to Rs. 2 lacs	33271539	35.65
5	Individual public shareholders holding share capital in excess of Rs. 2 lacs	14341078	15.37
6	Non Resident Indians (Repatriable)	6420402	6.87
7	Non Resident Indians (Non-Repatriable)	528398	0.57
8	HUF / Trusts	2281166	2.44
9	Clearing Members	874980	0.94
9.	Directors / Relatives	1350000	1.45
	<b>Total</b>	<b>93327375</b>	<b>100.00</b>

## DECCAN GOLD MINES LIMITED

### (b) Distribution of Shareholding (as at March 31, 2018)

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Shares	% of Total
1 - 500	500	67.84	2817798	3.02
501 - 1000	2750	12.39	2337609	2.50
1001 - 2000	1736	7.82	2723323	2.92
2001 - 3000	690	3.11	1779291	1.91
3001 - 4000	332	1.50	1200709	1.29
4001 - 5000	323	1.46	1527947	1.64
5001 - 10000	560	2.52	4262593	4.57
10001 and above	746	3.36	76678105	82.15
TOTAL	22193	100.00	93327375	100.00

### xii. Dematerialisation of Shares and Liquidity

About 99.86% of the shares have been dematerialized as on March 31, 2018. The equity shares of the Company are traded at BSE Ltd. (BSE).

### xiii. Details of Shares held by Non-Executive Directors as on March 31, 2018

Sr. No.	Name of the Non-Executive Director	No. of Shares held
1	Mr. K.R. Krishnamurthy	Nil
2	Prof Vinod Kumar Gaur	Nil
3	Ms Pratima Ram	Nil
4	Mr Govind Subhash Samant	3,275,317
5	Dr Modali Hanuma Prasad	183,555
6	Mr Kaushik Mukherjee	Nil

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

The Company has not issued any GDRs / ADRs / Warrants or any Convertible instruments which were outstanding as of March 31, 2018. However, details of the stock options granted, vested, exercised and outstanding at the end of the year that were issued under the Deccan Gold Mines Limited ESOP 2014 and DGML ESOP 2014 (amended 2016) are given in the Annexure to the Directors' Report forming part of the Annual Report for the year 2017-18.

### xv. Plant locations

The Plant Locations are NIL. The Company does not have any manufacturing activities.

### xvi. Address for Correspondence:

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

Link Intime India Private Limited  
C 101, 247 Park,  
LBS Marg, Vikhroli West,  
Mumbai – 400 083  
Tel : 91-22-49186000  
Fax : 91-22-49186060  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**For general correspondence**

Deccan Gold Mines Limited,  
No. 5, 19th Main Road, 4th Sector,  
HSR Layout, Bengaluru 560102  
Tel : 91-80-6715 5700 & Fax : 91-80-6715 5701  
e-mail : info@deccangoldmines.com

Neither the Company nor the Registrars have any undelivered equity share certificate (s) lying with them.

Disclosures with respect to demat suspense account/ unclaimed suspense account - Nil

**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 have 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.

**11) OTHER DISCLOSURES:****Whistle Blower / Vigil Mechanism Policy**

The Company has implemented the whistle blower policy.

**Performance Evaluation:**

Details are furnished in the Annexure IV to the Director's Report

**Familiarization Programme for Independent Directors**

The Independent Directors are provided with all the requisite information and updates with regard to the gold exploration and mining industry and other regulatory updates from time to time.

**Material Subsidiaries:**

As per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company does not have any material subsidiary.

**CODE OF CONDUCT DECLARATION**

Pursuant to Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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: October 29, 2018

**Sandeep Lakhwara**

Managing Director

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

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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 March 31, 2018 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (w.e.f 1st December, 2015) with the Stock Exchanges.

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 Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 **RATHI & ASSOCIATES**  
COMPANY SECRETARIES

Place : Mumbai  
Date : October 29, 2018

HIMANSHU S. KAMDAR  
PARTNER  
FCS No. 5171

## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of Deccan Gold Mines Limited

### Report on the Standalone Financial Statements

#### Opinion

1. We have audited the accompanying standalone Ind AS financial statements of **Deccan Gold Mines Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, and the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flows and the statement of changes in equity for the year then ended, and notes to the financial statement including a summary of significant accounting policies and other explanatory information (**herein after referred to as "standalone Ind AS financial statements"**)
2. In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31 March 2018, and its financial performance including comprehensive income, its cash flows and the change in equity for the year ended on that.

#### 3. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 4. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 5. Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements, that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; for safeguarding the assets of the Company; for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease



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operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **6. Auditors Responsibility**

Our objective are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Report on Other Legal and Regulatory Requirements**

7. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Companies Act 2013, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable..
8. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and 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, the statement of profit and loss including other comprehensive income, the statement of cash flow and the statement of changes in equity dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rule issued thereunder.
  - e. On the basis of the written representations received from the directors as on 31 March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - f. We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date and our report dated 23.05.2018 as per Annexure II expressed.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which may impact its standalone Ind AS financial statements;
  - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For P R Agarwal & Awasthi  
Chartered Accountants  
Firm Registration No 117940W

CA Pawan KR Agarwal  
Partner  
M No-034147

Place: Mumbai  
Date: 23 May 2018

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## DECCAN GOLD MINES LIMITED

### ANNEXURE I 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 quantitative details and situation of its 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) The Company does not have any immovable properties.
2. Based on our scrutiny of the company's books of accounts and other records and according to the information and explanations given to us, we are of the opinion that the company has neither purchased/sold goods during the year nor is there any opening stocks, therefore, requirement on reporting on physical verification of stocks or maintenance of inventory records, in our opinion, does not arise.
3. The Company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. The Company has complied with the provisions of Section 185 and 186 of the Companies Act 2013 for investment made during the year. The Company has not granted any loans, provided any guarantees or security during the year.
5. According to the information and explanations given to us, the Company has not accepted any deposits from public.
6. As informed to us, the Central Government has not prescribed the maintenance of Cost records under section 148 of the Companies Act, 2013 for any of the activities of the company.
7. In respect of Statutory Dues:
  - (a) According to record of the Company produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, goods & service tax, customs duty, excise duty, cess and other statutory dues applicable to it.
  - (b) According to the information and explanations given, no undisputed amounts payable in respect of Income-Tax, wealth tax, goods & service tax, customs duty, excise duty/cess were outstanding as at 31.03.2018 for a period of more than six months from the date they became payable.
  - (c) According to the records of the company there are no dues of Income-Tax, wealth tax, goods & service tax, customs duty, excise duty/cess which have not been deposited on account of any dispute
8. As per the information and explanations given to us, the company has neither obtained any loan from any financial institutions / banks nor issued any debentures.
9. According to the records of the Company, the Company has not raised any money raised by way of right issue during the year.
10. 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.
11. According to the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
12. 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 not a Nidhi Company. Hence, in our opinion, the requirements of para3 (xii) of the Order do not apply to the company.

13. According to the information and explanations given to us, the Company in respect to transactions with related parties has complied provisions of sections 177 and 188 of Companies Act, 2013 and has disclosed all particulars in Financial Statements.
14. The company has not made any preferential allotment or private placement of shares during the year, therefore comments under this clause are not called for
15. 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 has not entered into any non-cash transaction with directors or persons connected with him and no provisions of section 192 have been contravened.
16. 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 not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For P R Agarwal & Awasthi  
Chartered Accountants  
Firm Registration No 117940W

CA Pawan KR Agarwal  
Partner  
M No-034147

Place: Mumbai  
Date: 23 May 2018

## ANNEXURE II

### **Independent Auditor's report on the Internal Financial Controls with reference to financial statements and its operative effectiveness under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the standalone financial statements of Deccan Gold Mines Limited ("the Company") as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

### **Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the criteria being specified by management. These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to financial statements, that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

### **Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles including the Accounting Standards. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles including Accounting Standards, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the criteria being specified by management.

For P R Agarwal & Awasthi  
Chartered Accountants  
Firm Registration No 117940W

CA Pawan KR Agarwal  
Partner  
M No-034147

Place: Mumbai  
Date : 23 May 2018

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

### BALANCE SHEET AS AT 31ST MARCH, 2018

(Amount in '000)

Particulars	Note No.	31st March, 2018	31st March, 2017	31st March, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
a) Property, Plant & Equipment	2 A)	111	152	203
b) Intangible Assets	2 B)	40	78	161
c) Intangible Assets under development	2 C)	15,110	11,669	8,367
d) Financial Assets				
(i) Investments	3	4,41,467	3,54,182	3,54,182
(ii) Loans	4	6,817	6,817	6,817
		<u>4,63,545</u>	<u>3,72,898</u>	<u>3,69,730</u>
<b>Current assets</b>				
a) Financial Assets				
(i) Trade receivables	5	-	-	7,543
(ii) Cash and cash equivalents	6	60,145	77,749	81,540
b) Current Tax Assets	7	1,310	1,746	2,807
c) Other current assets	8	10,228	96,448	97,182
		<u>71,683</u>	<u>1,75,943</u>	<u>1,89,072</u>
<b>TOTAL ASSETS</b>		<u><b>5,35,228</b></u>	<u><b>5,48,841</b></u>	<u><b>5,58,802</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a) Share Capital	9	93,327	90,677	89,227
b) Other Equity	10	4,37,910	4,49,223	4,62,589
		<u>5,31,237</u>	<u>5,39,900</u>	<u>5,51,816</u>
<b>LIABILITIES</b>				
1) Non-current liabilities				
a) Employee Benefit obligation	11	2,805	1,603	1,427
		<u>2,805</u>	<u>1,603</u>	<u>1,427</u>
2) Current liabilities				
a) Financial Liabilities				
(i) Other Financial Liabilities	12	310	2,287	211
b) Other Current Liabilities	13	797	5,001	5,348
c) Provisions	14	79	50	-
		<u>1,186</u>	<u>7,338</u>	<u>5,559</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>5,35,228</b></u>	<u><b>5,48,841</b></u>	<u><b>5,58,802</b></u>

Significant Accounting Policies

1

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

As per our report of even date

For P.R. Agarwal & Awasthi

Chartered Accountants  
Firm Reg No.:117940W

C.A.P.R. Agarwal  
Partner  
Membership Number- 34147

Place : Mumbai  
Date : 23 May 2018

For and on behalf of Board of Directors

K.R.Krishnamurthy  
Chairman

K.Karunakaran  
Chief Financial Officer

Sandeep Lakhwara  
Managing Director

S.Subramaniam  
Company Secretary

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in '000)

Particulars	Note No.	For the year ended 31-03-2018	For the year ended 31-03-2017
<b>INCOME :</b>			
Other income	15	3,350	4,859
Total Revenue		3,350	4,859
<b>EXPENDITURE :</b>			
Employee benefits expenses	16	10,314	84,736
Finance costs	17	16	25
Depreciation and amortization expenses	18	92	184
Other expenses	19	16,893	16,204
Total Expenditures		27,315	1,01,149
Profit before extraordinary items and tax		(23,965)	(96,290)
Extraordinary Items :			
Prior year adjustments		-	-
Profit before tax		(23,965)	(96,290)
<b>Tax expenses :</b>			
Current Tax		-	-
Deferred tax		-	-
Short/(Excess) Provision of Tax		-	-
Mat Credit Entitlement		-	-
<b>Profit (Loss) for the year</b>		<b>(23,965)</b>	<b>(96,290)</b>
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
<b>Total Comprehensive Income of the year</b>		<b>(23,965)</b>	<b>(96,290)</b>
Earnings per equity share: Basic (in Rs.)		(0.26)	(1.07)
Earnings per equity share: Diluted (in Rs.)		(0.26)	(1.04)

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

As per our report of even date

For and on behalf of Board of Directors

For P.R. Agarwal &amp; Awasthi

Chartered Accountants  
Firm Reg No.:117940WK.R.Krishnamurthy  
ChairmanSandeep Lakhwara  
Managing DirectorC.A.P.R. Agarwal  
Partner  
Membership Number- 34147K.Karunakaran  
Chief Financial OfficerS.Subramaniam  
Company SecretaryPlace : Mumbai  
Date : 23 May 2018

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED Cash Flow Statement for the year ended 31st March, 2018

(₹ in '000)

PARTICULARS	31st March, 2018	31st March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax and after Extraordinary items	(23,965)	(96,290)
<b>Adjustment For :</b>		
Depreciation	92	184
Provisions	-	-
Interest & Finance charges	16	25
Interest received	(3,350)	(4,842)
Expenses on Employee Stock Option	-	75,552
Operative Profit before Working Capital Changes	(27,207)	(25,371)
<b>Adjustment For :</b>		
Trade Receivables	-	7,543
Other Receivables, Loans & Advances	(1,065)	734
Trade & Other payable	(4,950)	1,955
Cash Generation from Operations	(33,222)	(15,139)
Direct Taxes	436	1,061
Net Cash Flow from operating activities	(32,786)	(14,078)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets and Advances	(13)	(50)
Increase in Intangible Assets under development	(3,441)	(3,302)
Purchase/Sale of Investment (Net)	-	-
Dividend received	-	-
Interest Received	3,350	4,842
Net Cash used in investing activities	(104)	1,490
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Issue	15,302	5,574
Share Application Money Received	-	3,248
Finance charges & Others	(16)	(25)
Net Cash used in financing activities	15,286	8,797
<b>D. Net Change In Cash And Cash Equilants (A+B+C)</b>	(17,604)	(3,791)
Cash and Cash Equivalents (Opening)	77,749	81,540
Cash and Cash Equivalents (Closing)	60,145	77,749

As per our report of even date  
For P.R. Agarwal & Awasthi

Chartered Accountants  
Firm Reg No.:117940W

C.A.P.R. Agarwal  
Partner  
Membership Number- 34147

Place : Mumbai  
Date : 23 May 2018

For and on behalf of Board of Directors

K.R.Krishnamurthy  
Chairman

K.Karunakaran  
Chief Financial Officer

Sandeep Lakhwara  
Managing Director

S.Subramaniam  
Company Secretary



## DECCAN GOLD MINES LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

## A. Equity share capital

(Rs. In '000)

	Number	Amount
<b>Balance as at 1 April 2016</b>	<b>8,92,27,375</b>	<b>89,227</b>
Changes in equity share capital during 2016-17	14,50,000	1,450
<b>Balance as at 31 March 2017</b>	<b>9,06,77,375</b>	<b>90,677</b>
<b>Balance as at 1 April 2017</b>	<b>9,06,77,375</b>	<b>90,677</b>
Changes in equity share capital during 2017-18	26,50,000	2,650
<b>Balance as at 31 March 2018</b>	<b>9,33,27,375</b>	<b>93,327</b>

## B. Other equity

(Rs. In '000)

	Share Application Money Pending Allotment	Securities premium	Reserves and surplus Retained earnings	Capital Reserves	Employee Stock Option Outstanding	Total other Equity
<b>Balance as at 1 April 2016</b>	<b>4,576</b>	<b>5,95,990</b>	<b>(1,95,656)</b>	<b>16,726</b>	<b>40,953</b>	<b>4,62,589</b>
Received Further	8,822	52,485	-	-	-	61,307
Further Granted	-	-	-	-	75,552	75,552
Shares Issued	(10,150)	-	-	-	(43,785)	(53,935)
Profit for the year	-	-	(96,290)	-	-	(96,290)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
<b>Balance as at 31 March 2017</b>	<b>3,248</b>	<b>6,48,475</b>	<b>(2,91,946)</b>	<b>16,726</b>	<b>72,720</b>	<b>4,49,223</b>
<b>Balance as at 1 April 2017</b>	<b>3,248</b>	<b>6,48,475</b>	<b>(2,91,946)</b>	<b>16,726</b>	<b>72,720</b>	<b>3,76,503</b>
Received Further	15,302	88,620	-	-	-	1,03,922
Further Granted	-	-	-	-	-	-
Shares Issued	(18,550)	-	-	-	(72,720)	(18,550)
Profit for the year	-	-	(23,965)	-	-	(23,965)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>7,37,095</b>	<b>(3,15,911)</b>	<b>16,726</b>	<b>-</b>	<b>4,37,910</b>

Accompanying notes are forming part of financial statements

As per our report of even date

For P.R. Agarwal &amp; Awasthi

For and on behalf of Board of Directors

Chartered Accountants  
Firm Reg No.:117940WK.R.Krishnamurthy  
ChairmanSandeep Lakhwara  
Managing DirectorC.A.P.R. Agarwal  
Partner  
Membership Number- 34147K.Karunakaran  
Chief Financial OfficerS.Subramaniam  
Company Secretary

Place : Mumbai

Date : 23 May 2018

# DECCAN GOLD MINES LIMITED

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## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

#### Note-1: SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2018

##### A. Basis of preparation of financial Statements

The standalone Ind AS financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, the provision of the Companies Act, 2013 (to the extent notified) and guideline issued by Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment rules, 2016.

The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 first time adoption of Indian Accounting Standards generally accepted in India as prescribed under section 133 of the Act read with rule 7 of Companies (Accounts) Rules, 2016 which was the previous GAAP.

The accounting policies adopted in the preparation of standalone Ind AS financial statement are consistent with those of previous year.

##### B. Use Of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions effect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditure during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding these estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

##### C. Revenue Recognition

Revenue is recognized 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 recognized when services are rendered.
- II. Interest Income is recognized on accrual basis
- III. Dividend Income is accounted on accrual basis when the right to receive the dividend is established
- IV. Consultancy Income is recognized as and when services are rendered.

##### D. Property, plant and equipment:

Fixed assets are stated at cost of acquisition less accumulated depreciation if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready to use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Vehicles	8 Years
Computers	3 Years
Furniture	10 Years
Office Equipment	10 Years
Plant & Machinery	10 Years
Software	3 Years

Depreciation methods, useful lives and residual value are reviewed periodically, including at each financial year end.

"Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use the assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013".

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed

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**DECCAN GOLD MINES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.**

under 'Capital work – in - progress' .Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably .Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred .The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

**E. Exploration and Evaluation Assets**

Exploration and evaluation assets comprise capitalised costs which are attributable to the search for gold and related resources, pending the determination of technical feasibility and the assessment of commercial viability of an identified resource which comprises inter alia the following:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geo chemical and geo physical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements;
- Conducting market and finance studies.

The above includes employee remuneration, cost of materials and fuel used, payments to contractors etc. As the intangible component represents an insignificant/indistinguishable portion of the overall expected tangible costs to be incurred and recouped from future exploitation, these costs along with other capitalised exploration costs are recorded as exploration and evaluation asset.

Exploration and evaluation costs are capitalised on a project by project basis pending determination of technical feasibility and commercial viability of the project and disclosed as a separate line item under non-current assets. They are subsequently measured at cost less accumulated impairment/provision. Once proved reserves are determined, exploration and evaluation assets are transferred to "Development" under capital work in progress. However, if proved reserves are not determined, the exploration and evaluation asset is derecognised.

**F. Development Expenditure**

When proved reserves are determined, capitalised exploration and evaluation cost is recognised as assets under construction and disclosed as a component of capital work in progress under the head "Development". All subsequent development expenditure is also capitalised.

**G. Intangible assets:**

Intangible assets are stated at cost less accumulated amortization and impairment .Intangible assets are amortized over the irrespective individual estimated useful lives on a straight – line basis ,from the date that they are available for use .The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence ,demand ,competition ,and other economic factors (such as the stability of the industry ,and known technological advances ), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

**H. Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account as and when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**L.Investments**

1. Financial instruments
  - I. Financial assets
  - II. Initial recognition and measurement

# DECCAN GOLD MINES LIMITED

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## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

All financial assets and liabilities are initially recognized at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognized using trade date accounting.

#### 2. Subsequent measurement

a. Financial assets carried at amortised costs: (AC)

Financial assets are subsequently measured at amortised costs if it is held within a business model and whose objective is to hold the asset in order to collect the contractual cash flows and contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

b. Financial assets at fair value through other comprehensive income: (FVTOCI)

A financial assets is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

c. Financial assets at fair value through profit and loss (FVTPL)

Financial assets which are not classified in any of the above categories are subsequently fair valued through profit or loss.

#### 3. Equity instruments

All equity investments are measured at fair value, with value changes recognised in the statement of profit and loss, except for those equity investments for which the company has elected to present the value changes in 'other comprehensive income'.

#### 4. Investment in Subsidiaries and Associates and Joint Venture :

The company has accounted for its investments in Subsidiaries and Associates and Joint Venture at cost and at amortised cost.

#### M. Foreign Currency

Functional Currency

The functional currency of the company is the Indian Rupee. The financial statements are presented in Indian Rupees(Rounded off to Thousands).

#### Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cashflow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

#### N. Employee Benefits

- Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- Post employment benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The defined benefit obligation is provided for on the basis of an actuarial valuation on projected unit cost method.
- Long Term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The liabilities on account of leave encashment have been provided on basis of an actuarial valuation on projected unit cost method.

**DECCAN GOLD MINES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.****O. Taxation**

- a. Provision for current tax is made with reference to taxable income computed for the accounting period, for which the financial statements are prepared by applying the tax rates as applicable.
- b. 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 Indian Accounting Standard 12 "Income Taxes" issued by The Institute of Chartered Accountants of India.

**P. Borrowing Cost:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**Q. Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes to the accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

**R. Segmental 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 & Exploration.

**NOTE - 2 : A) PROPERTY, PLANT AND EQUIPMENT - I**

Details of the property, plant and equipment and their carrying amounts are as follows:

(Rs in '000)

Particulars	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Computer	TOTAL
Gross carrying amount						
Balance as at 1 April 2017	1,161	563	502	554	274	3,054
Additions	-	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluation increase	-	-	-	-	-	-
Net exchange differences	-	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>1,161</b>	<b>563</b>	<b>502</b>	<b>554</b>	<b>274</b>	<b>3,054</b>
Depreciation and impairment						
Balance as at 1 April 2017	1,082	563	502	484	271	2,902
Disposal	-	-	-	-	-	-
Net exchange differences	-	-	-	-	-	-
Depreciation	7	-	-	32	2	41
<b>Balance as at 31 March 2018</b>	<b>1,089</b>	<b>563</b>	<b>502</b>	<b>516</b>	<b>273</b>	<b>2,943</b>
<b>Carrying amount as at 31 March 2018</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>1</b>	<b>111</b>

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

(Rs in '000)

#### NOTE - 2 : A) PROPERTY, PLANT AND EQUIPMENT - II

Details of the property, plant and equipment and their carrying amounts are as follows:

Particulars	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Computer	TOTAL
<b>Gross carrying amount</b>						
<b>Balance as at 1 April 2016</b>	<b>1,138</b>	<b>563</b>	<b>502</b>	<b>527</b>	<b>274</b>	<b>3,004</b>
Additions	23	-	-	27	-	50
Acquisition through business combination	-	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-	-
Net exchange differences	-	-	-	-	-	-
Balance as at 31 March 2017	1,161	563	502	554	274	3,054
<b>Depreciation and impairment</b>						
<b>Balance as at 1 April 2016</b>	<b>1,049</b>	<b>563</b>	<b>502</b>	<b>418</b>	<b>269</b>	<b>2,801</b>
Net exchange differences	-	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-	-
Depreciation	33	-	-	66	2	101
Balance as at 31 March 2017	1,082	563	502	484	271	2,902
<b>Carrying amount as at 31 March 2017</b>	<b>79</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>3</b>	<b>152</b>
<b>Carrying amount as at 1 April 2016</b>	<b>89</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>5</b>	<b>203</b>

#### Note - 2 : B) Intangible Assets

Details of the Intangible Assets and their carrying amounts are as follows:

	Computer Software
Gross carrying amount	
<b>Balance as at 1 April 2017</b>	<b>396</b>
Additions	13
Acquisition through business combination	-
Disposals	-
Revaluation increase	-
Net exchange differences	-
Balance as at 31 March 2018	409
<b>Depreciation and impairment</b>	
Balance as at 1 April 2017	318
Disposal	-
Net exchange differences	-
Depreciation	51
<b>Balance as at 31 March 2018</b>	<b>369</b>
<b>Carrying amount as at 31 March 2018</b>	<b>40</b>

Gross carrying amount	
<b>Balance as at 1 April 2016</b>	<b>396</b>
Additions	-
Acquisition through business combination	-
Held for sale or included in disposal group	-
Net exchange differences	-
Balance as at 31 March 2017	396
<b>Depreciation and impairment</b>	
Balance as at 1 April 2016	235
Net exchange differences	-

**DECCAN GOLD MINES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.****(Rs in '000)**

Held for sale or included in disposal group	-
Depreciation	83
<b>Balance as at 31 March 2017</b>	<b>318</b>
<b>Carrying amount as at 31 March 2017</b>	<b>78</b>
<b>Carrying amount as at 1 April 2016</b>	<b>161</b>

**Note - 2 : C) Intangible Assets under Development**

Details of the Intangible Assets under development and their carrying amounts are as follows:

**Exploration and Evaluation Assets**

Gross carrying amount	
Balance as at 1 April 2017	11,669
Additions	3,441
Balance as at 31 March 2018	15,110
Carrying amount as at 31 March 2018	15,110
Gross carrying amount	
Balance as at 1 April 2016	8,367
Additions	3,302
<b>Balance as at 31 March 2017</b>	<b>11,669</b>
<b>Carrying amount as at 31 March 2017</b>	<b>11,669</b>
<b>Carrying amount as at 1 April 2016</b>	<b>8,367</b>

	31st March, 2018	31st March, 2017	1st April, 2016
<b>Note - 3 : Non-current investments</b>			
<b>Investment in Equity instruments :</b>			
In Subsidiaries			
Unquoted : (Fully paid up) 13555(13000)			
Equity Shares of Rs. 10/- each of			
Deccan Exploration Services Pvt.Ltd.	4,41,467	3,54,182	3,54,182
<b>Total</b>	<b>4,41,467</b>	<b>3,54,182</b>	<b>3,54,182</b>
Aggregate Value of Quoted Investment	-	-	-
Market Value of Quoted Investment	-	-	-
<b>Aggregate Value of Unquoted Investment</b>	<b>4,41,467</b>	<b>3,54,182</b>	<b>3,54,182</b>

**Note - 4 : Loans****Security Deposits**

Unsecured, considered good	6,817	6,817	6,817
	6,817	6,817	6,817
<b>Total</b>	<b>6,817</b>	<b>6,817</b>	<b>6,817</b>

**Note - 5 : Trade Receivables****Unsecured, Considered Good**

Due from Subsidiary Co.	-	-	7,543
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,543</b>

**Note - 6 : Cash and cash equivalents****Balances with banks**

Balance with Banks	60,123	77,720	81,520
Cash on hand	22	29	20
<b>Total</b>	<b>60,145</b>	<b>77,749</b>	<b>81,540</b>
Earmarked Balance with banks for unclaimed dividend	-	-	-
Balance with banks to the extent held as margin money	-	-	-

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

(Rs in '000)

	31st March, 2018	31st March, 2017	1st April, 2016
<b>Note - 7 : Current Tax Assets</b>			
Balance with Income Tax Authorities	1,310	1,746	2,807
<b>Total</b>	<b>1,310</b>	<b>1,746</b>	<b>2,807</b>

### Note - 8 : Other current assets

#### Advances other than Capital Advances

To Subsidiary Company	-	87,285	89,785
-To Others	6,441	5,521	2,963
Balance with Government authorities:			
-Other than Income Tax	3,392	3,219	3,748
Prepaid Expenses	245	233	100
Interest Receivable	150	190	586
<b>Total</b>	<b>10,228</b>	<b>96,448</b>	<b>97,182</b>

### Note - 9 : Share Capital

A	Authorised Share Capital	Equity Share		Preference Shares	
		Number	Amount	Number	Amount
	Beginning of the year at 1 April 2016	25,00,00,000	2,50,000	-	-
	Increase/(decrease) during the year	-	-	-	-
	Total shares authorised as at 31 March 2017	25,00,00,000	2,50,000	-	-
	Total shares authorised as at 1 April 2017	25,00,00,000	2,50,000	-	-
	Increase/(decrease) during the year	-	-	-	-
	<b>Total authorised share capital as at 31 March 2018</b>	<b>25,00,00,000</b>	<b>2,50,000</b>	<b>-</b>	<b>-</b>
	<b>Terms/rights attached to equity shares</b>				
	The company has only one class of equity shares having par value of INR 1 per share.				

B	Issued, Subscribed & fully Paid Up	Equity Share		Preference Shares	
		Number	Amount	Number	Amount
	Balance as at 1 April 2016	8,92,27,375	89,227	-	-
	Changes during the period	14,50,000	1,450	-	-
	Balance as at 31 March 2017	9,06,77,375	90,677	-	-
	Balance as at 1 April 2017	9,06,77,375	90,677	-	-
	Changes during the period	26,50,000	2,650	-	-
	Shares issued and fully paid as at 31 March 2018	9,33,27,375	93,327	-	-

### C Shares held by holding/ultimate holding company including shares held by subsidiaries or associates of the holding company/ultimate holding company

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

Name of the shareholder	31st March, 2018		31st March, 2017		1st April, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Rama Mines (Mauritius) Limited	2,52,34,068	27.04%	2,54,71,252	28.09	2,59,94,641	29.13



**DECCAN GOLD MINES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.****(Rs in '000)**

E Disclosure pursuant to Part I of Schedule III to the Companies Act, 2013

Particulars	Aggregate No. of Shares (for last 5 Financial Years)
Equity Shares :	
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

During the financial year 2014-15, the Company had granted 30,00,000 stock options to the eligible employees (15,00,000 options on 14 January, 2015 and 15,00,000 options on 10 March, 2015) under the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014. These options have been granted at a price of Rs.7/- per option plus all applicable taxes. The options would vest over a period of 2 years (post a lock-in period of 1 year from the date of grant) as decided by the Nomination & Remuneration Committee from the date of grant based on specified criteria. Further, It may be noted that the Board of Directors of the Company, at their meeting held on February 12, 2016 approved amendment to the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014 (Scheme) on account of the Company's rights issue during October, 2015. Under the amended Scheme, the number of stock options reserved for grant has been revised from 3,000,000 stock options to 4,500,000 stock options. Further, the Nomination & Remuneration Committee of the Board (NRC), at its meeting held on March 4, 2016 fixed the Exercise Price of the 1,500,000 new stock options as Rs.7/- per stock option (as was the case with the original 3,000,000 stock options). The NRC also granted these 1,500,000 new stock options to the respective allottee (s) in the same proportion as they were granted the original 3,000,000 stock options. Further, it was also decided that 100% of the new stock options would be vested on the allottee (s) post the mandatory lock-in period of 1 year from the date of grant and the exercise period shall remain at 12 months from the date of vesting. Out of the above 45,00,000 stock options all the stock options have been exercised by the employees as per the scheme laid.

**Note 10 - Other Equity:**

	As at 31 March 2018	As at 31 March 2017
<b>Share Application Money Pending Allotment</b>		
Opening Balance	3,248	4,576
(+) Further received	15,302	8,822
(-) Transfer Pursuant to Allotment	(18,550)	(10,150)
Closing Balance	-	3,248
<b>Employee Stock Option Outstanding</b>		
Opening Balance	72,720	40,953
(+) Further Granted	-	75,552
(-) Transfer Pursuant to Allotment	(72,720)	(43,785)
Closing Balance	-	72,720
<b>Capital Reserves</b>		
Opening Balance	16,726	16,726
(+)/(-) Transfer	-	-
Closing Balance	16,726	16,726
<b>Securities Premium Account</b>		
Opening Balance	6,48,475	5,95,990
(+)/(-) Transfer	88,620	52,485
Closing Balance	7,37,095	6,48,475

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

(Rs in '000)

#### Retained Earnings

Opening balance	(2,91,946)	(1,95,656)
(+) Net Profit / (Net Loss) for the current year	(23,965)	(96,290)
<b>Closing Balance</b>	<b>(3,15,911)</b>	<b>(2,91,946)</b>
<b>Total</b>	<b>4,37,910</b>	<b>4,49,223</b>
Opening balance as on 1st April, 2016		4,62,589

31st March, 2018      31st March, 2017      1st April, 2016

#### Note - 11 : Provisions

##### For Employee Benefits:

Gratuity	2,805	1,603	1,427
<b>Total</b>	<b>2,805</b>	<b>1,603</b>	<b>1,427</b>

#### Note - 12 : Other Financial Liabilities

Outstanding Expenses	310	2,287	211
<b>Total</b>	<b>310</b>	<b>2,287</b>	<b>211</b>

#### Note - 13 : Other Current Liabilities

Statutory dues	797	5,001	5,348
<b>Total</b>	<b>797</b>	<b>5,001</b>	<b>5,348</b>

#### Note - 14 : Provisions

##### Provision for employee benefits :

Gratuity	79	50	-
<b>Total</b>	<b>79</b>	<b>50</b>	<b>-</b>

As at 31 March 2018      As at 31 March 2017

#### Note - 15 : Other income

##### Interest Income

(TDS Rs. 315 Thousand (P.Y.Rs.422 Thousand))	3,350	4,842
Miscellaneous Income	-	17
<b>Total</b>	<b>3,350</b>	<b>4,859</b>

#### Note - 16 : Employee benefit expenses

Salaries & wages	8,719	8,755
Contributions to provident and other fund	1,230	227
Expenses on Employee Stock Option Scheme	-	75,552
Staff welfare expenses	365	202
<b>Total</b>	<b>10,314</b>	<b>84,736</b>

#### Note - 17 : Finance costs

Interest expense	15	14
Bank Charges	1	11
<b>Total</b>	<b>16</b>	<b>25</b>

**DECCAN GOLD MINES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.****(Rs in '000)**

	As at 31 March 2018	As at 31 March 2017
<b>Note - 18 : Depreciation &amp; Amortization Expenses</b>		
Depreciation on Tangible Assets	41	101
Depreciation on Intangible Assets	51	83
<b>Total</b>	<b>92</b>	<b>184</b>
<b>Note - 19 : Other expenses</b>		
Electricity Expenses	88	130
Listing Fees	571	467
Rent	2,450	2,497
Rates and taxes	49	60
Repair and maintenance	33	120
Director Remuneration	8,400	8,400
Advertising and business promotion	73	411
Traveling and conveyance	430	249
Communication Expenses	466	541
Legal and professional fees	2,248	1,452
Director Sitting Fees	465	355
Auditor's remuneration	195	363
Membership & Subscription	40	62
Miscellaneous expenses	1,385	1,097
<b>Total</b>	<b>16,893</b>	<b>16,204</b>
<b>Payments to auditor</b>		
For Audit Fee	130	130
For Certification & Others	65	233
<b>Total</b>	<b>195</b>	<b>363</b>

**Note - 20: Employee Benefits**

As per Indian Accounting Standard 19 "Employee Benefits", the disclosure of Employee benefits as defined in the Indian Accounting Standard are given below:

**Defined Benefit Plan:****Gratuity****1) Reconciliation of opening and closing balances of Defined Benefit Obligation** **(Rs. in '000)**

Particulars	Gratuity	
	2017-18	2016-17
Defined Benefit Obligation at the beginning of the year	1,654	1,427
Current Service Cost	229	201
Interest Cost	116	72
Past Service Cost	1014	-
Actuarial (Gain)/Loss	(129)	(46)
Defined Benefit Obligation at the end of the year	2,884	1,654

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

(Rs in '000)

#### 2) Reconciliation of opening and closing balances of fair value of Plan Assets

Particulars	Gratuity	
	2017-18	2016-17
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return of Plan Assets	-	-
Actuarial (Gain)/Loss	-	-
Employer Contribution	-	-
Benefits Paid	-	-
Fair Value of Plan Assets at the end of the year	-	-
Actual Return of Plan Assets	-	-

#### 3) Reconciliation of Fair Value of Assets and Obligations

Particulars	Gratuity	
	2017-18	2016-17
Fair Value of Plan Assets	-	-
Present Value of Obligation	2,884	1,654
Amount recognised in Balance Sheet (Surplus/(Deficiet))	2,884	1,654

#### 4) Expenses recognised during the year

Particulars	Gratuity	
	2017-18	2016-17
In Income Statement		
Current Service Cost	229	201
Interest Cost	116	72
Return on Plan Assets	-	-
Past Service Cost	1,014	-
Net Cost	1,359	273
In Other Comprehensive Income	-	-
Actuarial (Gain)/Loss	(129)	(46)
Net(Income)/Expense for the period Recognised in OCI	1,230	227

#### 5) Actuarial Assumptions

Particulars	Gratuity	
	2017-18	2016-17
Discount Rate(per annum)	7.55%	7.10%
Rate of Escalation in Salary(per annum)	6%	6%

#### 6) Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given :

## DECCAN GOLD MINES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

(Rs in '000)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Decrease	Increase	Decrease	Increase
Change in discounting rate(delta effect of +/-0.5%)	2,978	2,794	1,718	1,593
Change in rate of Salary increase(delta effect of +/-0.5%)	2,853	2,952	1,641	1,666

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

- a) **Investment risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
- b) **Interest risk:** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.
- c) **Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- d) **Salary risk:** The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**Note 20- Related party disclosure**

- a) Name of related parties and relationship

S. 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 (Upto 12.12.2017)
4	K.R. Krishnamurthy	Director
		Chairman (From 12.12.2017)
5	V.K. Gaur	Director
6	Pratima Ram	Director
7	Govind Samant	Additional Director (From 12.12.2017)
8	Dr. Modali Hanuma Prasad	Additional Director (From 12.12.2017)
9	Kaushik Mukherjee	Additional Director (From 13.02.2018)
10	K. Karunakaran	Chief Financial Officer
11	S. Subramaniam	Company Secretary

**b) Transactions with related parties:-**

Sr.No.	Nature	Year ended 31, March '2018	Year ended 31, March '2017
1	Reimbursement of Exploration Expenses from Subsidiary (excluding Taxes)	8,214	8,214
2	Investment in Shares of Subsidiary	87,285	NIL
3	Advances received back from Subsidiary	NIL	2,500
4	Managerial Remuneration paid to Managing Director	8,400	8,400
5	Directors Sitting Fee - Board & Audit Committee Meetings	465	355
6	Remuneration paid to CFO	3,150	3,150
7	Remuneration paid to CS	3,990	3,990

## DECCAN GOLD MINES LIMITED

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### DECCAN GOLD MINES LIMITED

#### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

(Rs in '000)

##### Note -21 Expenditure and Earnings in Foreign Currency:

SL	Expenditure and Earnings in Foreign Currency:	Year ended 31, March 2018	Year ended 31, March 2017
a)	Expenditure Incurred	NIL	NIL
b)	Earnings	NIL	NIL

##### Note – 22 Contingent Liabilities not provided for:

SL	Particulars	March 31, 2018	March 31, 2017
a)	Capital Commitments	NIL	NIL
b)	Claims against company not acknowledged as debts	NIL	NIL
c)	Contingent Liabilities	NIL	NIL

##### Note- 23 Earning Per Share

	Particulars	March 31, 2018	March 31, 2017
a)	Net Profit available for Equity Shareholders	(23,965)	(96,290)
b)	Weighted Average Number of Shares	9,24,46,538	9,03,08,614
c)	Basic Earning Per Share (in Rs.)	(0.26)	(1.07)
d)	Diluted Earning Per Share (in Rs.)	(0.26)	(1.04)

## DECCAN GOLD MINES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

(Rs in '000)

## Note - 24: Disclosure in respect of Employee Stock Option Scheme

## Disclosure in respect of Deccan Gold Mines Limited Employee Stock Option Scheme 2014

Particulars	Tranche-1	Tranche-2
	750,000	750,000
Particulars	Intrinsic Value	
Vesting Date	14/01/2016	14/01/2017
Exercise Period	14/01/2016 to 13/01/2017	14/01/2017 to 13/01/2018
Grant Date	14/01/2015	14/01/2015
Grant / Exercise Price per share	Rs.7	Rs.7
Market Price on the date prior to the date of grant of option	Rs.44.05	Rs.44.05
Particulars	Tranche-1	Tranche-2
No. of Options	750,000	750,000
Method of Accounting	Intrinsic Value	
Vesting Date	10/03/2016	10/03/2017
Exercise Period	10/03/2016 to 09/03/2017	10/03/2017 to 09/03/2018
Grant Date	10/03/2015	10/03/2015
Grant / Exercise Price per share	Rs.7	Rs.7
Market Price on the date prior to the date of grant of option	Rs.30.80	Rs.30.80
Particulars	01/04/2017 to 31/03/2018	01/04/2016 to 31/03/2017
Options outstanding at the beginning of the year	11,50,000	11,00,000
Options granted during the year	Nil	Nil
Options vested during the year	Nil	15,00,000
Exercised during the year	11,50,000	14,50,000
Options lapsed during the year	Nil	Nil
Options lapsed on account of employee resignation	Nil	Nil
Options outstanding at the end of the year	Nil	11,50,000
Options unvested at the end of the year	NIL	NIL

## Disclosure in respect of Deccan Gold Mines Limited Employee Stock Option Scheme 2014 (amended 2016).

Particulars	Tranche-1
No. of Options	15,00,000
Method of Accounting	Intrinsic Value
Vesting Date	04/03/2017
Exercise Period	04/03/2017 to 03/03/2018
Grant Date	04/03/2016
Grant / Exercise Price per share	Rs.7
Market Price on the date prior to the date of grant of option	Rs.33.70

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

Particulars	01/04/2017 to 31/03/2018	01/04/2016 to 31/03/2017
Options outstanding at the beginning of the year	15,00,000	NIL
Options granted during the year	Nil	Nil
Options vested during the year	Nil	15,00,000
Exercised during the year	15,00,000	NIL
Options lapsed during the year	NIL	NIL
Options lapsed on account of employee resignation	NIL	NIL
Options outstanding at the end of the year	Nil	15,00,000
Options unvested at the end of the year	NIL	NIL

Note: It may be noted that the Board of Directors of the Company, at their meeting held on February 12, 2016 approved amendment to the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014 (Scheme) on account of the Company's rights issue during October, 2015. Under the amended Scheme, the number of stock options reserved for grant has been revised from 3,000,000 stock options to 4,500,000 stock options. Further, the Nomination & Remuneration Committee of the Board (NRC), at its meeting held on March 4, 2016 fixed the Exercise Price of the 1,500,000 new stock options as Rs.7/- per stock option (as was the case with the original 3,000,000 stock options). The NRC also granted these 1,500,000 new stock options to the respective allottee (s) in the same proportion as they were granted the original 3,000,000 stock options. Further, it was also decided that 100% of the new stock options would be vested on the allottee (s) post the mandatory lock-in period of 1 year from the date of grant and the exercise period shall remain at 12 months from the date of vesting.

On May 11, 2016, the Company received 'in-principle' approval of BSE in respect of the 1,500,000 new stock options.

Employee Stock Option Outstanding account Rs Nil (PY Rs. 727.20 Lacs) & Deferred Employee Compensation account Rs NIL (PY Rs Nil). Employee Compensation Expenses amounting to Rs. Nil (PY Rs.755.52 Lacs) is included under the head Salaries and other benefits

#### **Note - 25 :**

The Board of our Company was approached by Geomysore Services (India) Private Limited (GMSI) for being taken over. This was sought to be achieved through a take over of Australian Indian Resources Limited, Australia (AIR) which is a key shareholder of GMSI and a 'buy-out' of other interested shareholders. The Company believes that the proposed takeover of GMSI would result in consolidation benefits in terms of gold assets to create a large Indian listed gold company.

The proposal will be put the Board of Directors of the Company and GMSI for their final approval as regards the terms and conditions of the transaction including but not limited to the relevant valuation of shares and share exchange ratio at the appropriate time following which applicable shareholder / regulatory approvals will be sought.

#### **Note-26 : Note on Right Issue**

During the financial year 2015-16 the company raised Rs.50.34 crores through Right Issues of equity shares. The shares were issued at issue price of Rs.17 per share (inclusive of premium of Rs.16 per share). The shares were issued at the ratio of 1:2 to the shareholders.

The paid up capital of the company prior to this Right issue stood at 5,92,18,250 equity shares of Re.1 each. Accordingly 2,96,09,125 equity shares were offered on Right Issue basis and the Issue was kept open from 14th October 2015 to 30th October, 2015.

The Rights Issue was subscribed 1.3 times of the issue size & the process of the allotment was completed by November, 2015.

The shares so issued were admitted for listing/trading on the Bombay Stock Exchange (BSE) with effect from 11th November, 2015.



**DECCAN GOLD MINES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.**

The Right Issue fund raising was made by the Company for the following objects:

- Investment in Subsidiary Company
- General Corporate Purpose ; and
- Expenses for the Issue

Post the allotment of the shares under the Right Issue as discussed above, the promoters i.e. Rama Mines (Mauritius) Limited, Mauritius held approximately 29% stake in the Company with the balance 71% being widely held with a significant participation by FIIs and Non-resident investors.

Utilization of proceeds of rights issue by the Company for the year ended 31.03.2018 is as under:

Proceeds from Rights Issue		
Opening balance as on 01.04.2017		6,41,08,500
Amount Utilized:		
<b>Expenses for the issue</b>		
Rights Issue expenses		
General Corporate Purposes:		
Staff cost and other administration Expenses	3,27,75,210	
Exploration expenses and other expenses	34,40,776	
<b>Total:</b>	<b>3,62,15,986</b>	
<b>Closing balance of Rights Issue proceeds as on 31.3.2018</b>		<b>2,78,92,514</b>

Utilization of proceeds of rights issue by the Company for the year ended 31.03.2017 is as under:

Proceeds from Rights Issue		
Opening balance as on 01.04.2016		8,15,39,915
Amount Utilized:		
<b>Expenses for the issue</b>		
Rights Issue expenses		
<b>General Corporate Purposes:</b>		
Staff cost and other administration Expenses	1,40,88,019	
Exploration expenses and other expenses	33,43,396	
<b>Total:</b>	<b>1,74,31,415</b>	
<b>Closing balance of Rights Issue proceeds as on 31.3.2017</b>		<b>6,41,08,500</b>

**Note - 28 : Reconciliation of Profit and Equity between Ind AS and previous GAAP.**

The company adopted Indian Accounting Standards ("Ind AS") from 1 April 2016 and accordingly these results has been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34, Interim Financial Reporting prescribed under section 133 of the Companies Act 2013 read with the relevant rules issued there under and other accounting pronouncements generally accepted in India. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34.

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

#### Reconciliation of equity as on 01.04.2016 & 31.03.2017 as previously reported under Previous GAAP to Ind AS

Particulars	As on 31.03.2017	As on 01.04.2016
Equity reported under Indian GAAP	4,40,947	4,56,165
Adjustments		
Impact on account of recognition of development of Ganajur Gold Mines which is reflected in the books of Subsidiary Company Deccan Exploration Services Pvt. Ltd.	87,285	87,285
Impact on account of recognition of Exploration and Evaluation Assets	11,669	8,367
Equity reported under Indian Ind AS	5,39,900	5,51,816

#### Reconciliation of Profit for the year ended 31.3.2017 as per Indian GAAP and as per Ind AS :

Particulars	31st March. 2017
Net Profit/(Loss) reported under Indian GAAP	(96,250)
Adjustments:	
Impact on account of de-recognition of Pre-Operative Expenses	(40)
Net Profit/(Loss) reported under Ind AS	(96,290)

As per our report of even date  
For and on behalf of Board of Directors  
For P.R. Agarwal & Awasthi

Chartered Accountants  
Firm Reg No.:117940W

C.A.P.R. Agarwal  
Partner  
Membership Number- 34147

K.R.Krishnamurthy  
Chairman

K.Karunakaran  
Chief Financial Officer

Sandeep Lakhwara  
Managing Director

S.Subramaniam  
Company Secretary

Place : Mumbai  
Date : 23 May 2018

# DECCAN EXPLORATION SERVICES PRIVATE LIMITED

## DIRECTOR'S REPORT

To the Members,  
Deccan Exploration Services Private Limited  
Bengaluru.

Your Directors have pleasure in submitting their 21st Annual Report of the Company together with the Audited Statements of Accounts for the year ended March 31, 2018.

### 1. FINANCIAL SUMMARY

Amount (in ₹ '000)

Particulars	As at the end of current reporting period	As at the end of previous reporting period
Total Revenue	7762	14908
Total Expenses	13766	11454
<b>Profit or Loss before Exceptional and Extraordinary items and Tax</b>	<b>(6004)</b>	<b>3454</b>
Less: Exceptional Items	-	2
Less: Extraordinary Items	-	-
<b>Profit or Loss before Tax</b>	<b>(6004)</b>	<b>3452</b>
Less: Current Tax	-	826
Deferred Tax	(229)	156
<b>Profit or Loss After Tax</b>	<b>(5775)</b>	<b>2470</b>

### 2. DIVIDEND

No Dividend was declared for the current financial year.

### 3. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

### 4. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

#### Update on Ganajur Gold Project - awaiting Letter of Intent / Grant Notification from the State Government of Karnataka

The key project of DESPL is the Ganajur Gold Project in Haveri District, Karnataka over which a Mining Lease (ML) application covering an area of 72 acres was lodged in 2006 with the Government of Karnataka. After rigorous processing of the ML application at various levels, the Commerce & Industries Department, Government of Karnataka (C & I) recommended the grant of ML to the Ministry of Mines, Government of India (Central Government) for its prior approval in accordance with the mineral concession laws.

It may be noted that the Ganajur Gold deposit was discovered by DESPL through adoption of modern exploration methods and latest technology carried out under RP and PL. We have spent significant amount of money for making this discovery.

After processing at multiple levels and exchange of correspondence between the Central Government and the State Government & IBM, the Central Government accorded its prior approval for grant of ML for the Ganajur Gold Project on July 24, 2015. Further, vide its letter dated February 7, 2017 the Central Government clarified that their prior approval granted during July 2015 was under Section 10A(2)(b) introduced into MMDR by the MMDR Amendment Act, 2015 w.e.f. January 12, 2015. Further, Central Government advised the State Government to get the ML executed in accordance with law at the earliest and expedite the clearances & approvals for starting the mining operation.

# DECCAN GOLD MINES LIMITED

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## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

After processing the Central Government approved Ganajur ML application again in accordance with its internal checklist / SoP, the file was referred by the C & I to Law Department, Government of Karnataka during October, 2017 for an opinion on ML application's compliance with the Mines and Minerals (Development & Regulation) Act, 1957 and the regulations made there under. On April 21, 2018 the Law Department furnished a positive opinion on the file to the C & I and advised the C & I to process the ML application.

### **Ganajur Gold Project – progress made so far**

During the year under review, Snowden Mining Industry Consultants (Snowden), an internationally reputed Geological & Mining Consultant based out of Perth, Western Australia completed a comprehensive Feasibility Study for the Ganajur Gold Project. The results of the Study have been very positive with significant NPV and IRR values. A gold resource of about 308,000 Oz has been estimated by Snowden for the Ganajur Gold Project. Most of this resource is classified under the JORC 'Measured' Category. JORC is the Australian Standard set by the Joint Ore Resources Committee (JORC) in Australia to validate the authenticity of gold resources and extensively used by Consultants such as Snowden. Snowden also estimated Ore Reserves under Proved Category as per JORC 2012 which is equivalent of "111" category as per UNFC Norms.

As per the Feasibility Study Report of Snowden, the Ganajur Gold Project is an economically attractive and robust Project that can be developed into a viable gold producing operation.

The Company has also made significant progress in terms of obtaining regulatory approvals for creation of infrastructure for the Project viz., water supply and electricity. As regards land acquisition, the landowners (who own the area covered under the ML application) are very keen to see the Project come to fruition. Land acquisition process is proposed to be completed through the KIADB and we have already made a payment of Rs. 6.82 crore (40% of the land acquisition cost) to them.

### **Hutti Civil Appeals being heard before the Hon'ble Supreme Court:**

The Company is pleased to report that the Hon'ble Supreme Court vide its above noted Judgment delivered on May 8, 2018 has set aside the Order passed by the Karnataka High Court dated April 3, 2012 and has allowed the Company's Civil Appeal.

In its aforesaid Judgment, the Hon'ble Supreme Court has:

- (1) held that the Karnataka High Court erred in allowing the Writ Petition of Hutti Gold Mines Limited (HGML), a PSU owned by the Government of Karnataka. This Writ Petition was filed by HGML against the Order dated May 31, 2011 passed by the Central Government.
- (2) upheld the decision of the Central Government vide its Order dated May 31, 2011. This Order had rejected the proposal of the Government of Karnataka for reservation of the Hutti Block areas in favour of HGML by overlooking the Prospecting Licence (PL) applications of our subsidiary, Deccan Exploration Services Private Limited (DESPL).
- (3) directed the State of Karnataka is directed to consider the case of Deccan Exploration Services Private Limited for grant of Prospecting Licence (PL) in accordance with the provisions of the Mines & Minerals (Development & Regulation) Act, 1957 as they now stand amended in the year 2015.

It may be noted that the Hutti Maski Greenstone belt is one of the most important Archaean gold bearing belts in India. The Hutti-Maski belt hosts world class Hutti Gold deposit that is being mined by The Hutti Gold Mines Limited. The Company carried out detailed gold exploration in the Hutti Belt prospects under a Reconnaissance Permit granted to it and lodged PL applications with the Karnataka State Government which were sought to be overlooked and reserved in favour of a State Government undertaking

The Company is now vigorously following up the processing of its Hutti Block PL applications with the Department of Mines & Geology, Government of Karnataka who are processing the same in accordance with their internal checklist / SoP for progression from Reconnaissance Permit to PL.

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**DECCAN EXPLORATION SERVICES PRIVATE LIMITED****5. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

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

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to our Company. There was no foreign exchange earnings and outgo during the year under review.

**7. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

Keeping in mind the size and present operations of the Company, the Company does not have any risk management policy.

**8. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable to it at present.

**9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

**10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES - NIL****11. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There are no qualifications, reservations or adverse remarks made by the Auditors in their report. Further, the provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

**12. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company

**13. ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in Annexure A and is attached to this Report.

**14. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

The Company has conducted 4 Board meetings during the financial year under review on the following dates – April 29, 2017; August 12, 2017; October 16, 2017; and March 31, 2018.

**15. DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board of Directors state that:

- (a) in the preparation of annual accounts, applicable accounting standards had been followed along with proper explanation relating to material departures;

# DECCAN GOLD MINES LIMITED

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## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

- (b) they had 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 and of the profit and loss of the company for that period;
- (c) they had 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;
- (d) they had prepared the annual accounts on a going concern basis;
- (e) the Company being unlisted, sub clause (e) of section 134(3) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 16. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any subsidiaries, joint ventures or associate companies.

## 17. DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review.

## 18. DIRECTORS

Mr K. Karunakaran, Director retires by rotation at the ensuing Annual General Meeting (AGM) of the Company and being eligible, offers himself for reappointment. Necessary resolutions proposing him as a Director of the Company has been included in the Notice convening the ensuing AGM of the Company.

The Company is not mandatorily required to appoint any whole time Key Management Personnel (KMP).

## 19. DECLARATION OF INDEPENDENT DIRECTORS

The provisions of Section 149 for appointment of Independent Directors are not applicable to the Company.

## 20. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

## 21. STATUTORY AUDITORS

M/s. Rao & Venkatesulu, Chartered Accountants were appointed as Statutory Auditors for a period one year at the last 20th Annual General Meeting (AGM) and are eligible for reappointment at the ensuing 21st AGM, subject to approval of members.

## 22. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 are not applicable to the Company.

## 23 DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013)

Keeping in mind that there are women employees on the rolls of the Company and the operations and size of the Company, we shall comply with this requirement and make the necessary disclosures and when it is applicable to the Company.

**24. SHARES**

On March 31, 2018 the Company issued 555 equity shares at a price of Rs. 1,57,270/- (including face value of Rs. 10/- each) to the parent Company viz., Deccan Gold Mines Limited on account of payables due to Deccan Gold Mines Limited that have arisen on account of Ind-AS compliance requirements. Since the shares are being allotted for considerations other than cash (upon conversion of payables / loan amounting to Rs. 8,72,84,850/- into equity), the requisite Valuation Certificate from a Chartered Accountant was obtained and noted by the Board.

**25. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS**

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

**26. ACKNOWLEDGEMENT**

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

For and on behalf of the Board  
**Deccan Exploration Services Private Limited**

Place : Bengaluru  
Date : August 14, 2018

**S.C.R. Peshwa**  
Director

**K. Karunakaran**  
Director

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

### FORM NO. MGT 9

#### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### I. REGISTRATION & OTHER DETAILS:

1	CIN	U27205KA1997PTC022819
2	Registration Date	25-09-1997
3	Name of the Company	DECCAN EXPLORATION SERVICES PRIVATE LIMITED
4	Category/Sub-category of the Company	INDIAN NON GOVERNMENT COMPANY
5	Address of the Registered office & contact details	No. 5, 19th Main Road, 4th Sector, HSR Layout, Bengaluru 560102
6	Whether listed company	NO
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Mining	7295	100

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S N	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held"	"Applicable Section"
1	DECCAN GOLD MINES LIMITED	L51900MH1984PLC034662	HOLDING	100	2 (46)

#### IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

##### (i) Category-wise Share Holding

Category of Shareholders	"No. of Shares held at the beginning of the year [As on 31-March-2017]"				"No. of Shares held at the end of the year [As on 31-March-2018]"				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
c) Bodies Corp.	-	12,999	12,999	99.99%		13,554	13,554	99.99%	Nil
Sub Total (A) (2)	-	12,999	12,999	99.99%		13,554	13,554	99.99%	Nil
B. Public Shareholding									
2. Non-Institutions									
b) (i) Individual shareholders holding nominal share capital up to ₹ 1 lakh		1	1	0.01%		1	1	0.01%	Nil
c) Others (NRI)		0	0	0.00%		0	0	0.00%	Nil
Sub-total (B)(2):-	-	-	-	0.00%	-	-	-	0.00%	-
C. Shares held by Custodian for GDRs & ADRs		NIL	-						
<b>Grand Total (A+B+C)</b>	<b>-</b>	<b>13,000</b>	<b>13,000</b>	<b>100.00%</b>	<b>-</b>	<b>13,555</b>	<b>13,555</b>	<b>100.00%</b>	<b>0.00%</b>



**DECCAN EXPLORATION SERVICES PRIVATE LIMITED****(ii) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year*
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Deccan Gold Mines Limited	12,999	99.99%	0	13,554	99.99%	0	0.00%

\*Change due to increase in paid up capital

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	12,999	99.99%		
	Changes during the year	555		-	0.00%
	At the end of the year	13,554	99.99%	13,554	99.99%

Note: No change in the number of shares held. Change in % due to increase in paid up capital

**(iv) Shareholding Pattern of top ten Shareholders**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
Not applicable							

**(v) Shareholding of Directors and Key Managerial Personnel:**

K. Karunakaran - 1 equity share of ₹10/- each as nominee of holding company.

**V. INDEBTEDNESS**

NIL

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

NIL

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

NIL

Type		Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A	COMPANY			NIL		
B	DIRECTORS			NIL		
C	OTHER OFFICERS IN DEFAULT			NIL		

For and on behalf of the Board  
**Deccan Exploration Services Private Limited**

Place : Bengaluru  
Date : August 14, 2018

**S.C.R. Peshwa**  
Director

**K. Karunakaran**  
Director

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**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF  
DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

**REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS**

1. We have audited the accompanying standalone Ind AS financial statements of Deccan Exploration Services Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements")

**MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements, that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; for safeguarding the assets of the Company; for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

**OPINION**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31 March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

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**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - 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.
  - The Balance sheet, the statement of profit and loss including other comprehensive income, the statement of cash flow and the statement of changes in equity dealt with by this report are in agreement with the books of account.
  - In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rule issued thereunder.
  - On the basis of the written representations received from the directors as on 31 March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date and our report dated 30th April, 2018 as per Annexure II expressed.
  - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Amendment Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - The Company does not have any pending litigations which may impact its standalone Ind AS financial statements;
    - The company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For **RAO & VENKATESULU**  
Chartered Accountants

**K.Y. NINGOJI RAO**

Partner

Membership No. : 018278

FR No. 003108S

Place : Bengaluru

Date : April 30, 2018

### **Annexure I to the Auditor's Report even date**

(Referred to in paragraph 1 thereof)

#### **1. In respect of Fixed Assets:**

- a) The Company has maintained proper records showing full quantitative details and situation of its 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) The Company does not have any immovable properties.
2. Based on our scrutiny of the company's books of accounts and other records and according to the information and explanations given to us, we are of the opinion that the company has neither purchased/sold goods during the year nor is there any opening stocks, therefore, requirement on reporting on physical verification of stocks or maintenance of inventory records, in our opinion, does not arise.
  3. The Company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
  4. According to the information and explanation given to us, the Company has not given any loans and advances, investments or guarantees as contemplated under Section 185 and 186 of the Act.
  5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as contemplated under Section 73 to 76 of the Companies Act, 2013 .
  6. As informed to us, the Central Government has not prescribed the maintenance of Cost records under section 148 of the Companies Act, 2013 for any of the activities of the company.
  7. In respect of Statutory Liabilities and obligations :
    - (a) According to record of the Company produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, goods and service tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it.
    - (b) According to the information and explanations given, no undisputed amounts payable in respect of Income-Tax, wealth tax, goods and service tax, service tax, customs duty, excise duty/cess were outstanding as at 31.03.2018 for a period of more than six months from the date they became payable except professional tax of Rs.18,400/- .
    - (c) According to the records of the company there are no dues of Income-Tax, wealth tax, goods and service tax, service tax, customs duty, excise duty/cess which have not been deposited on account of any dispute
  8. As per the information and explanations given to us the company has neither availed any term loan during the year from any financial institutions / banks nor issued any debentures.
  9. According to the records of the Company, the Company has not raised any money by way of right issue.
  10. 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.
  11. According to the records of the Company, the Company has not paid any managerial remuneration during the year.
  12. 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 not a Nidhi Company. Hence, in our opinion, the requirements of para 3 (xii) of the Order do not apply to the company.

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**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

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13. According to the information and explanations given to us, the Company in respect to transactions with related parties has complied provisions of sections 177 and 188 of Companies Act, 2013 and has disclosed all particulars in Financial Statements.
14. According to the information and explanations given to us and based on the examination of Company's records, no preferential allotment or private placement of shares has been made.
15. 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 has not entered into any non-cash transaction with directors or persons connected with them and no provisions of section 192 have been contravened.
16. 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 not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **RAO & VENKATESULU**  
Chartered Accountants

**K.Y. NINGOJI RAO**  
Partner  
Membership No. : 018278  
FR No. 003108S

Place : Bengaluru  
Date : April 30, 2018

### Annexure II

#### **Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the standalone financial statements of **Deccan Exploration Services Private Limited** ("the Company") as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

#### **Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the criteria being specified by management. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

#### **Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the criteria being specified by management.

For **RAO & VENKATESULU**  
Chartered Accountants

**K.Y. NINGOJI RAO**  
Partner  
Membership No. : 018278  
FR No. 003108S

Place : Bengaluru  
Date : April 30, 2018

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2018

(Amount in '000)

Particulars	Note No.	31st March, 2018	31st March, 2017	31st March, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
a) Property, Plant & Equipment	2	2,546	3,179	3,466
b) Capital work-in-progress	2	2,94,605	2,56,011	1,22,975
c) Intangible Assets	2	2,947	2,432	2,958
d) Intangible Assets under development	2	9,976	9,976	9,976
e) Financial Assets				
(i) Loans	3	1,017	1,017	1,007
		<b>3,11,091</b>	<b>2,72,615</b>	<b>1,40,382</b>
<b>Current assets</b>				
a) Financial Assets				
(i) Trade receivables	4	156	156	156
(ii) Cash and cash equivalents	5	1,08,857	1,56,211	3,19,514
b) Current Tax Assets	6	1,517	760	381
c) Other current assets	7	26,003	22,197	4,402
		1,36,533	1,79,324	3,24,453
<b>TOTAL ASSETS</b>		<b>4,47,624</b>	<b>4,51,939</b>	<b>4,64,835</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a) Share Capital	8	136	130	130
b) Other Equity	9	4,45,116	3,63,613	3,61,143
		<b>4,45,252</b>	<b>3,63,743</b>	<b>3,61,273</b>
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
a) Employee Benefit obligation	10	107	51	-
b) Deferred Tax Liability	11	207	436	280
		<b>314</b>	<b>487</b>	<b>280</b>
<b>Current Liabilities</b>				
a) Financial Liabilities				
(i) Trade payables	12	1,486	254	12,562
b) Other Current Liabilities	13	571	87,455	90,721
c) Provisions	14	1	-	-
		2,058	87,709	1,03,283
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,47,624</b>	<b>4,51,939</b>	<b>4,64,835</b>

Notes are integral part of the balance sheet &amp; profit &amp; loss account

For and on behalf of the Board

As per our report of even date attached.

For **Rao & Venkatesulu**  
Chartered AccountantsS.C.R PESHWA  
DirectorK.KARUNAKARAN  
DirectorK Y Ningoji Rao  
Partner  
Membership No. :018278  
FRN: 003108SPlace : Bengaluru  
Date : April 30, 2018



# DECCAN EXPLORATION SERVICES PRIVATE LIMITED

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2018

(Amount in '000)

Particulars	Note No	For the year ended 31.3.2018	For the year ended 31.3.2017
<b>INCOME :</b>			
Other income	15	7,762	14,908
Total Revenue		7,762	14,908
<b>EXPENDITURE :</b>			
Employee benefits expenses	16	5,293	3,665
Finance Costs	17	8	88
Depreciation and amortization expenses	18	2,008	1,774
Other expenses	19	6,457	5,927
<b>Total Expenditures</b>		<b>13,766</b>	<b>11,454</b>
Profit before exceptional and extraordinary items and tax		(6,004)	3,454
<b>Exceptional items</b>	20	-	2
Prior year adjustments		-	-
<b>Profit before tax</b>		<b>(6,004)</b>	<b>3,452</b>
<b>Tax expenses :</b>			
Current tax		-	826
Deferred tax	21	(229)	156
Profit (Loss) for the year		(5,775)	2,470
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
<b>Total Comprehensive Income of the year</b>		<b>(5,775)</b>	<b>2,470</b>
<b>Earnings per equity share: Basic &amp; Diluted (in ₹)</b>			
<b>Basic</b>		<b>(444.16)</b>	<b>190.01</b>
<b>Diluted</b>		<b>(444.16)</b>	<b>190.01</b>

Notes are integral part of the balance sheet &amp; profit &amp; loss account

For and on behalf of the Board

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 : Bengaluru  
Date : April 30, 2018

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

### Cash Flow Statement for the year ended 31st March, 2018

(₹ in '000)

PARTICULARS	31st March, 2018	31st March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax and after Extraordinary items	(6,004)	3,452
<b>Adjustment For :</b>		
Depreciation	2,008	1,774
Interest & Finance charges	8	88
Interest received	(7,762)	(14,908)
Operative Profit before Working Capital Changes	(11,750)	(9,594)
<b>Adjustment For :</b>		
Other Receivables, Loans & Advances	-	(10)
Other Current Assets	(3,806)	(17,795)
Trade & Other payable	1,690	(15,523)
Cash Generation from Operations	(13,866)	(42,922)
Direct Taxes	(757)	(1,205)
Net Cash Flow from operating activities	(14,623)	(44,127)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets and Advances	(40,484)	(1,33,997)
Interest Received	7,762	14,908
Net Cash used in investing activities	(32,722)	(1,19,089)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance charges & Others	(8)	(88)
Provisions for Bonus	-	-
<b>D. Net Cash used in financing activities</b>	(8)	(88)
Net Change In Cash And Cash Equivalents (A+B+C)	(47,353)	(1,63,304)
Cash and Cash Equivalents (Opening)	1,56,211	3,19,514
Cash and Cash Equivalents (Closing)	1,08,857	1,56,211

Notes : 1. Figures in brackets represents cash outflows.

2. Previous year figures have been regrouped wherever necessary.

For and on behalf of the Board

For **Rao & Venkatesulu**  
Chartered Accountants

S.C.R PESHWA  
Director

K.KARUNAKARAN  
Director

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

Place : Bengaluru  
Date : April 30, 2018

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018****A. Equity share capital****(₹ in '000)**

	Number	Amount
Balance as at 1 April 2016	13,000	130
Changes in equity share capital during 2016-17	-	-
Balance as at 31 March 2017	13,000	130
Balance as at 1 April 2017	13,000	130
Changes in equity share capital during 2017-18	555	5.55
Balance as at 31 March 2018	13,555	135.55

**B. Other equity****(₹ in '000)**

	Reserves and surplus		
	Securities premium	Retained earnings	Total other Equity
<b>Balance as at 1 April 2016</b>	<b>3,54,052</b>	<b>7,091</b>	<b>3,61,143</b>
Employee share-based compensation	-	-	-
Transactions with owners	-	-	-
Profit/(Loss) for the year	-	2,470	2,470
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	2,470	2,470
<b>Balance as at 31 March 2017</b>	<b>3,54,052</b>	<b>9,561</b>	<b>3,63,613</b>
<b>Balance as at 1 April 2017</b>	<b>3,54,052</b>	<b>9,561</b>	<b>3,63,613</b>
Dividends	-	-	-
Issue of share capital on exercise of employee share option	-	-	-
On allotment of Shares	87,279	-	-
Profit/(Loss) for the year	-	(5,775)	(5,775)
Other comprehensive income	-	-	-
Total comprehensive income for the year	87,279	(5,775)	81,504
<b>Balance as at 31 March 2018</b>	<b>4,41,331</b>	<b>3,785</b>	<b>4,45,116</b>

# DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

### Note – 1: SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2018

#### A. Basis of preparation of financial Statements

The standalone Ind AS financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, the provision of the Companies Act, 2013 (to the extent notified) and guideline issued by Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment rules, 2016.

The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 first time adoption of Indian Accounting Standards generally accepted in India as prescribed under section 133 of the Act read with rule 7 of Companies (Accounts) Rules, 2016 which was the previous GAAP.

The accounting policies adopted in the preparation of standalone Ind AS financial statement are consistent with those of previous year.

#### B. Use Of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions effect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditure during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding these estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

#### C. Revenue Recognition

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

- i. Income from sale of metals obtained on exploration are recognized on despatch.
- ii. Exploration Consultancy Income is recognized when services are rendered and as per agreed terms.
- iii. Interest Income is recognized on accrual basis.
- iv. Dividend Income is accounted on accrual basis when the right to receive the dividend is established.
- v. All other income are accounted on accrual basis.

#### D. Property, plant and equipment:

Fixed assets are stated at cost of acquisition less accumulated depreciation if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready to use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Vehicles	8 Years
Computers	3 Years
Furniture	10 Years
Office Equipment	10 Years
Plant & Machinery	10 Years
Software	3 Years

Depreciation will be provided on estimated useful lives and residual value are reviewed periodically, including at each financial year end.

Mining Development Expenditure will be amortized or depreciated on the basis of the quantity of ore mined in proportion to the total estimated reserve.

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED****Amount (₹ '000)**

Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use the assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work – in - progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

**E. Exploration and Evaluation Assets**

Exploration and evaluation assets comprise capitalized costs which are attributable to the search for gold and related resources, pending the determination of technical feasibility and the assessment of commercial viability of an identified resource which comprises inter alia the following:

- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geo chemical and geo physical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements;
- Conducting market and finance studies.

The above includes employee costs, cost of materials, and fuel used, other direct costs, payments to contractors etc. As the intangible component represents an insignificant/indistinguishable portion of the overall expected tangible costs to be incurred and recouped from future exploitation, these costs along with other capitalized exploration costs are recorded as exploration and evaluation asset.

Exploration and evaluation costs are capitalized on a project by project basis pending determination of technical feasibility and commercial viability of the project and disclosed as a separate line item under non-current assets. They are subsequently measured at cost less accumulated impairment/provision. Once proved reserves are determined, exploration and evaluation assets are transferred to "Development" under capital work in progress. However, if proved reserves are not determined, the exploration and evaluation asset is derecognized.

**F. Development Expenditure**

When the Technical and Commercial Feasibility are obtained and the legal rights to explore the mine are obtained the cost so incurred and capitalized as exploration and evaluation cost is recognized as assets under construction and disclosed as a component of capital work in progress under the head "Development".

**G. Intangible assets:**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over the respective individual estimated useful lives on a straight – line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

**H. Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account as and when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**I. Employee Benefits**

- a. Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b. Post-employment benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The defined benefit obligation is provided for on the basis of an actuarial valuation on projected unit cost method.

# DECCAN GOLD MINES LIMITED

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## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

- c. Long Term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The liabilities on account of Gratuity have been provided on basis of an actuarial valuation.

### J. Taxation

- a. Provision for current tax is made with reference to taxable income computed for the accounting period, for which the financial statements are prepared by applying the tax rates as applicable.
- b. Deferred tax is recognised subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### K. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

### L. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes to the accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

### M. Segmental Reporting

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

### N Foreign Currency

Functional Currency

The functional currency of the company is the Indian Rupee. The financial statements are presented in Indian Rupees(Rounded off to Thousands).

### Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cashflow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

## NOTE – 2: PROPERTY, PLANT AND EQUIPMENT

Details of the property, plant and equipment &amp; Intangible Assets their carrying amounts are as follows: (Rs. In '000)

Particulars	Furniture & Fixtures	Vehicles	Office Equipment	Computer	TOTAL
<b>Gross carrying amount</b>					
Balance as at 1 April 2017	293	3,171	167	1,326	4,957
Additions	12	-	-	128	140
Acquisition through business combination	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation increase	-	-	-	-	-
Net exchange differences	-	-	-	-	-
Balance as at 31 March 2018	305	3,171	167	1,454	5,097
<b>Depreciation and impairment</b>					
Balance as at 1 April 2017	32	1,140	44	562	1,778
Disposal	-	-	-	-	-
Net exchange differences	-	-	-	-	-
Depreciation	29	286	32	426	773
Balance as at 31 March 2018	61	1,426	76	988	2,551
Carrying amount as at 31 March 2018	244	1,745	91	466	2,546

Particulars	Furniture & Fixtures	Vehicles	Office Equipment	Computer	TOTAL
<b>Gross carrying amount</b>					
Balance as at 1 April 2016	228	3,036	89	1,186	4,539
Additions	65	135	78	140	418
Acquisition through business combination	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-
Net exchange differences	-	-	-	-	-
Balance as at 31 March 2017	293	3,171	167	1,326	4,957
<b>Depreciation and impairment</b>					
Balance as at 1 April 2016	6	865	18	184	1,073
Net exchange differences	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-
Depreciation	26	275	26	378	705
Balance as at 31 March 2017	32	1,140	44	562	1,778
Carrying amount as at 31 March 2017	261	2,031	123	764	3,179

## CAPITAL WORK IN PROGRESS

Particulars	Amount
<b>Development of Gold Mining Assets</b>	
Opening Balance as on 01/04/2017	2,56,011
Expenditure during the year	38,594
Less: Adjustment during the year	-
<b>Closing balance as on 31/03/2018</b>	<b>2,94,605</b>

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

Particulars	Amount
<b>Development of Gold Mining Assets</b>	
Opening Balance as on 01/04/2016	1,22,975
Expenditure during the year	1,33,036
Less: Adjustment during the year	-
<b>Closing balance as on 31/03/2017</b>	<b>2,56,011</b>

### INTANGIBLE ASSETS

Particulars	Useful Life (No. Of Years)	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 01-04-2017	Additions	Deduction	Balance as at 31/03/2018	Up to 01/04/2017	For the year	Deduction	Up to 01/04/2018	Balance as at 31/03/2018	Balance as at 31/03/2017
Software	3	3,684	1,750	-	5,434	1,252	1,235	-	2,487	2,947	2,432
Total		3,684	1,750	-	5,434	1,252	1,235	-	2,487	2,947	2,432

Particulars	Useful Life (No. Of Years)	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 01-04-2016	Additions	Deduction	Balance as at 31/03/2017	Up to 01/04/2016	For the year	Deduction	Up to 01/04/2017	Balance as at 31/03/2017	Balance as at 31/03/2016
Software	3	3,142	543	-	3,684	183	1,069	-	1,252	2,432	2,958
Total		3,142	543	-	3,684	183	1,069	-	1,252	2,432	2,958

### Intangible Assets under Development

Particulars	Amount
<b>Prospecting License &amp; Mining Lease License</b>	
Opening Balance as on 01/04/2017	9,976
Expenditure during the year	-
Less: Sale Proceeds	-
<b>Closing balance as on 31/03/2018</b>	<b>9,976</b>

Particulars	Amount
<b>Prospecting License &amp; Mining Lease License</b>	
Opening Balance as on 01/04/2016	9,976
Expenditure during the year	-
Less: Sale Proceeds	-
<b>Closing balance as on 31/03/2017</b>	<b>9,976</b>



## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

PARTICULARS	AS AT 31.3.2018	AS AT 31.3.2017	1st April, 2016
<b>Note - 3: Loans</b>			(Rs. In '000)
Security Deposits			
Unsecured, considered good	1,017	1,017	1,007
<b>Total</b>	<b>1,017</b>	<b>1,017</b>	<b>1,007</b>
<b>Note - 4: Trade Receivables</b>			(Rs. In '000)
Unsecured, Considered Good	156	156	156
<b>Total</b>	<b>156</b>	<b>156</b>	<b>156</b>

**Note - 5: Cash and cash equivalents****Balances with banks**

a. Balance with Banks	4,572	8,171	5,988
b. Bank deposits with not more than 12 months maturity	1,04,280	1,48,016	3,13,517
c. Cash on hand	5	24	9
<b>Total</b>	<b>1,08,857</b>	<b>1,56,211</b>	<b>3,19,514</b>

**Note - 6: Current Tax Assets**

Income Tax	1,517	760	381
<b>Total</b>	<b>1,517</b>	<b>760</b>	<b>381</b>

**Note - 7: Other current assets**

Advances other than Capital Advances	371	813	627
Advances with Revenue Authorities	25,357	21,071	3,770
Others	275	313	5
<b>Total</b>	<b>26,003</b>	<b>22,197</b>	<b>4,402</b>

**Note - 8: Share Capital**

A. Authorised Share Capital	Equity Share		Preference Shares	
	Number	Amount	Number	Amount
Beginning of the year at 1 April 2016	20,000	200	3,50,000	35,000
Increase/(decrease) during the year	-	-	-	-
Total shares authorised as at 31 March 2017	20,000	200	3,50,000	35,000
Total shares authorised as at 1 April 2017	20,000	200	3,50,000	35,000
Increase/(decrease) during the year	-	-	-	-
Total authorised share capital as at 31 March 2018	20,000	200	3,50,000	35,000

**Terms/rights attached to equity shares**

The company has only one class of equity shares having face value of INR 10 per share.

**Terms/rights attached to equity shares**

The company has only one class of 1% Redeemable preference share of Rs. 100/- each

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Rs. In '000)

### B. Issued, Subscribed & fully Paid Up

	Equity Share		Preference Shares	
	Number	Amount	Number	Amount
Beginning of the year at 1 April 2016	13,000.00	130.00	-	-
Changes during the period	-	-	-	-
Balance as at 31 March 2017	13,000.00	130.00	-	-
Balance as at 1 April 2017	13,000.00	130.00	-	-
Changes during the period	555.00	5.55	-	-
Shares issued and fully paid as at 31 March 2018	13,555.00	135.55	-	-

### C. Reconciliation of Number of Shares:

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Equity Share Capital			
Balance at the beginning	13,000	13,000	13,000
Add: Number of Shares Allotted	555	-	-
Balance at the end of the year	13,555	13,000	13,000
0.0001% Preference Shares			
Balance at the beginning	-	-	-
Add: Number of Shares Allotted	-	-	-
Less: Number of Shares Redeemed	-	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>

### D. Number of Shares issued for consideration other than for cash:

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Equity Shares of Rs. 10/- Each	555	Nil	Nil

### E. Shares held by holding/ultimate holding company including shares held by subsidiaries or associates of the holding company/ultimate holding company

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Deccan Gold Mines Limited	13,555	13,000	13,000

### F. Details of shareholders holding more than 5% shares in the company

Name of the shareholder	31st March, 2018		31st March, 2017		1st April, 2016
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares
Deccan Gold Mines Limited	13,555	100.00%	13,000	100.00%	13,000

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Rs. In '000)

PARTICULARS	AS AT 31.3.2018	AS AT 31.3.2017	1st April, 2016
<b>Note - 9: Other Equity</b>			
Share Premium	4,41,331	3,54,052	354,052
Profit & Loss Account	3,785	9,561	7,091
<b>Total</b>	<b>4,45,116</b>	<b>3,63,613</b>	<b>3,61,143</b>

PARTICULARS	AS AT 31.3.2018	AS AT 31.3.2017	
<b>Share Premium:</b>			
Opening Balance	3,54,052	3,54,052	
Premium during the year	87,279	-	
<b>Closing Balance</b>	<b>4,41,331</b>	<b>3,54,052</b>	
<b>Profit &amp; Loss Account:</b>			
Opening Balance	9,561	7,091	
<b>Profit during the year</b>	<b>(5,775)</b>	<b>2,470</b>	
<b>Closing Balance</b>	<b>3,785</b>	<b>9,561</b>	

**Note - 10: Employee benefit obligation**

Gratuity	107	51	-
<b>Total</b>	<b>107</b>	<b>51</b>	<b>-</b>

**Note - 11: Deferred tax Liability (Net)**

Deferred tax liability	AS AT 31.3.2018	AS AT 31.3.2017	1st April, 2016
Net Block as per Companies Act	5,493	5,610	6,422
Net Block as per Income Tax Act	4,588	4,100	5,560
Difference	(905)	-1510	(862)
<b>Deferred tax liability (A)</b>	<b>235</b>	<b>451</b>	<b>280</b>
<b>Deferred tax assets</b>			
Disallowances u/s 40(a) & 43(b)	108	51	-
Deferred tax assets (B)	28	15	-
<b>Net Deferred Tax (Liability) (Closing)</b>	<b>207</b>	<b>436</b>	<b>280</b>

**Note - 12: Trade payables****Unsecured:**

Micro, Small and Medium Enterprises	-	-	-
Due to Holding Company	-	-	7,543
Due to Others	1,486	254	5,019
<b>Total</b>	<b>1,486</b>	<b>254</b>	<b>12,562</b>

**Note - 13: Other Current Liabilities**

Statutory Dues	571	170	936
Advance from Holding Company	-	87,285	89,785
<b>Total</b>	<b>571</b>	<b>87,455</b>	<b>90,721</b>

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Rs. In '000)

PARTICULARS	AS AT 31.3.2018	AS AT 31.3.2017	1st April, 2016
-------------	-----------------	-----------------	-----------------

### Note - 14: Provisions

Provision for Employee Benefits - Gratuity	1	-	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>

PARTICULARS	AS AT 31.3.2018	AS AT 31.3.2017
-------------	-----------------	-----------------

### Note - 15: Other income

Interest Income	7,762	14,908
<b>Total</b>	<b>7,762</b>	<b>14,908</b>

### Note - 16: Employee benefit expenses

Salaries & Wages	5,072	3,436
Gratuity	57	51
Staff Welfare Expenses	164	178
<b>Total</b>	<b>5,293</b>	<b>3,665</b>

### Note - 17: Finance costs

Bank Charges	8	6
Interest	-	82
<b>Total</b>	<b>8</b>	<b>88</b>

### Note - 18: Depreciation & Amortization Expenses

Depreciation on Tangible Assets	773	705
Depreciation on Intangible Assets	1,235	1,069
<b>Total</b>	<b>2,008</b>	<b>1,774</b>

### Note - 19: Other expenses

Repairs & Maintenance	48	114
Communications Expenses	154	182
Miscellaneous Expenses	299	424
Insurance Charges	78	51
Electricity Charges	192	204
Membership & Subscription	454	90
Rates and Taxes	693	344
Travelling Expenses	267	-
Professional Fees	3,241	3,728
Rent	779	671
Staff Recruitment Charges	45	19
Motor Car Expenses	172	68
Auditor's remuneration	35	32
<b>Total</b>	<b>6,457</b>	<b>5,927</b>

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Rs. In '000)

PARTICULARS	AS AT 31.3.2018	AS AT 31.3.2017
-------------	-----------------	-----------------

**Note - 20: Exceptional Items**

Excess of Income Tax Provision Withdrawn	-	4
Penal Interest and Other Expenses	-	6
Net Expenditure/(Income)	-	2

**Note - 21: Deferred Tax**

Net Deferred Tax Liability (Closing)	207	436
Less: Net Deferred Tax Liability (Opening)	436	280
Deferred Tax Provided(+)/Withdrawn(-) in the year	(229)	156

**Note - 22: As per Indian Accounting Standard 19 "Employee benefits", the disclosures as defined are given below:  
Defined Benefit Plan:****Gratuity****1) Reconciliation of opening and closing balances of Defined Benefit Obligation**

Particulars	Gratuity Funded	
	2017-18	2016-17
Defined Benefit Obligation at the beginning of the year	51	-
Current Service Cost	48	51
Interest Cost	4	-
Past Service Cost	7	-
Actuarial (Gain)/Loss	(2)	-
Defined Benefit Obligation at the end of the year	108	51

**2) Reconciliation of opening and closing balances of fair value of Plan Assets**

Particulars	Gratuity Funded	
	2017-18	2016-17
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return of Plan Assets	-	-
Actuarial (Gain)/Loss	-	-
Employer Contribution	-	-
Benefits Paid	-	-
Fair Value of Plan Assets at the end of the year	-	-
Actual Return of Plan Assets	-	-

**3) Reconciliation of fair value of Assets & Obligations**

Particulars	Gratuity Funded	
	2017-18	2016-17
Fair Value of Plan Assets	-	-
Present Value Obligation	108	51
Amount Recognised in Balance Sheet (Surplus/Deficit)	108	51

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

### 4) Expenses recognised during the year

Particulars	Gratuity Funded	
	2017-18	2016-17
In Income Statement	-	-
Current Service Cost	48	51
Interest Cost	4	-
Return on Plan Assets	-	-
Past Service Cost	7	-
Net Cost	59	51
In Other Comprehensive Income	-	-
Actuarial (Gain)/Loss	-2	-
Net(Income)/Expense for the period Recognised in OCI	57	51

### 5) Actuarial Assumptions

Particulars	Gratuity Funded	
	2017-18	2016-17
Discount Rate(per annum)	7.60%	7.35%
Rate of Escalation in Salary(per annum)	6.00%	6.00%

### 6) Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is give

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/-0.5%)	114	102	54	48
Change in rate of Salary increase (delta effect of +/-0.5%)	103	113	46	54

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

- Investment risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
- Interest risk:** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.
- Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- Salary risk:** The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

Note – 23: Foreign Exchange Earnings and Expenditure

**Earnings**

Sl. No.	Particulars	For the year ended	
		31st March, 2018	31st March 2017
1	Exports	-	-

**Expenditure**

Sl. No.	Particulars	For the year ended	
		31st March, 2018	31st March 2017
1	Import of Materials	-	-
2	Professional Fees	12,597	51,087
3	Analysis Charges	-	13,887
4	Travelling & Other Expense	35	1,285
	<b>Total</b>	<b>12,632</b>	<b>66,259</b>

**Note – 24: Related Party Disclosure**

Sl. No.	Name of Related Party	Relationship
1	Deccan Gold Mines Limited	Holding Company
2	Mr. S.C.R. Peshwa	Key Managerial Person
3	Mr. Karunakaran	Key Managerial Person

**Transactions with Related Parties**

Particulars	For the year ended	
	31st March, 2018	31st March 2017
Allotment of Shares(See Note No.27)	87,285	-
Repayment of advances received from holding Company	-	2,500
Reimbursement of Exploration Expenses given to Holding Company (Excluding Taxes)	8,214	8,234
Travelling & Other Expense	35	1,285
<b>Total</b>	<b>12,632</b>	<b>66,259</b>

**Note – 25: Contingent Liabilities Not Provided For**

Particulars	For the year ended	
	31st March, 2018	31st March 2017
Contingent Liabilities Not Provided For	Nil	Nil

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

### Note – 26: Earning Per Share

Particulars		For the year ended	
		31st March, 2018	31st March 2017
a)	No of Shares at the beginning of the year	13,000.00	13,000.00
b)	No of Shares at the end of the year	13,555.00	13,000.00
c)	Weighted average number of Equity Shares outstanding during the year	13,001.52	13,000.00
	EPS		
a)	Net Profit available for Equity Shareholders (Rs. in crores)	(5,775.00)	2,470.00
b)	Basic Earning Per Share (in Rs.)	(444.16)	190.01
c)	Diluted Earning Per Share (in Rs.)	(444.16)	190.01

### Note – 27: Note on Further Issue of Equity Shares

During the year Deccan Exploration Services Pvt. Ltd. Issued equity shares to the 100% holding company viz. Deccan Gold Mines Limited on account of PAYABLES due to Deccan Gold Mines Limited that have arisen on account of Ind-As compliance requirements.

The said allotment was made for 555 shares having Nominal Value of ₹10/- and are issued at a premium of ₹1,57,260/-. The date of allotment was 31st March, 2018.

Name of allottee	No. of Equity Shares allotted	Nominal Value	Premium Amount	Total Amount	Share as on 1st April, 2017	Shares as on 31st March, 2018
Deccan Gold Mines Limited	555	10	1,57,260	8,72,84,850	13,000	13,555

### Note - 28 : Auditors Remuneration

Particulars	31st March, 2018	31st March 2017
Auditor's Remuneration		
For Audit	35	25
For Taxation	-	5
For Other Matters	-	2
<b>Total</b>	<b>35</b>	<b>32</b>

### Note – 29: Reconciliation of Profit and Equity between Ind AS and previous GAAP

The company adopted Indian Accounting Standards ("Ind AS") from 1 April 2016 and accordingly these results has been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34, Interim Financial Reporting prescribed under section 133 of the companies act 2013 read with the relevant rules issued there under and other accounting pronouncements generally accepted in India. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34.



**DECCAN EXPLORATION SERVICES PRIVATE LIMITED****Amount (₹ '000)**

Reconciliation of equity as on 01.04.2016 &amp; 31.03.2017 as previously reported under Previous GAAP to Ind AS

Particulars	As on 31.03.2017	As on 01.04.2016
Equity reported under Indian GAAP	361,661	359,191
Adjustments		
Impact on account of recognition of development of Gold Mining Assets		
Impact on account of recognition of Exploration and Evaluation Assets which is transferred from Holding Company Deccan Gold Mines Ltd.	(9,976)	(9,976)
Impact on account of recognition of development of Ganajur Gold Mines which is transferred from Holding Company Deccan Gold Mines Ltd.	(77,309)	(77,309)
Impact on account of recognition of development of Ganajur Gold Mines	79,391	79,391
Impact on account of recognition of Exploration and Evaluation Assets	9,976	9,976
Equity reported under Indian Ind AS	3,63,743	3,61,273

Reconciliation of Profit for the year ended 31.3.2017 as per Indian GAAP and as per Ind AS

Particulars	As on 31.03.2017
Net Profit reported under Indian GAAP	2,380
Adjustments	
Impact on account of Preliminary Expenses	90
Net Profit reported under Ind AS	2,470

For and on behalf of Board of Directors

As per our report attached  
For Rao & Venkatesulu

Chartered Accountants

S.C.R. PESHA  
DirectorK. KARUNAKARAN  
DirectorK.Y. NINGOJI RAO  
PartnerPlace: BENGALURU  
Date: 30th APRIL, 2018Membership No.: 018278  
Firm Reg No.: 003108S

# DECCAN GOLD MINES LIMITED

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## CONSOLIDATED FINANCIAL STATEMENTS

### INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Deccan Gold Mines Limited,**

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

We have audited the accompanying consolidated Ind AS financial statements of Deccan Gold Mines Limited (herein referred to as "the Holding Company") and its subsidiary (the holding company and its subsidiary together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Cash Flow Statement and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein referred to as the consolidated Ind AS financial statements).

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

The Holding Company's Board of Directors is responsible for the preparation of these Ind AS financial statements in terms of the requirements of the companies Act, 2013 (herein referred to as "the act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income and consolidated cash flows and changes in equity of the group in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act, read with the rule 7 of the companies (accounts) rules, 2014. The respective board of directors of the companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for insuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error, which has been used for the purpose of preparation of the Ind AS consolidated financial statements by the Board of directors of the holding company, as aforesaid.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made there under.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor's in terms of their reports referred to in sub-paragraph (a) of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

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**CONSOLIDATED FINANCIAL STATEMENTS**

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**Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, referred to in the other matters paragraph below, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the consolidated state of affairs of the group as at 31st March, 2018 and their consolidated loss and their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

**Other Matters**

(a) We did not audit the financial statements/ financial information of 1 subsidiary, whose financial statement/ financial information reflect the total assets of Rs.4,47,624 thousand as at 31st March, 2018, total revenues of Rs.7,762 thousand and net cash out flows amounting to Rs 47,353 thousand for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relate to the amounts and disclosures included in respect of subsidiary and our reports in terms of sub section (3) & (11) of section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditors.

Our opinion on the consolidated Ind AS financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income ), and the Consolidated Cash Flow Statement and the consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) rules, 2014 as amended;
- e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2018, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in "Annexure I", which is based on the auditor's report of the subsidiary companies incorporated in India.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Amendment Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us;

## DECCAN GOLD MINES LIMITED

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### CONSOLIDATED FINANCIAL STATEMENTS

- i) There were no pending litigations which would impact the consolidated financial position of the Group.
- ii) The Group did not have any material, foreseeable losses on long-term contracts including derivative contracts.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For P R Agarwal & Awasthi  
Chartered Accountants  
Firm Registration No 117940W

CA Pawan KR Agarwal  
Partner  
M No-034147

Place: Mumbai  
Date: 23 May 2018

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2018

(Amount in '000)

Particulars	Note No.	31st March, 2018	31st March, 2017	31st March, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
a) <b>Property, Plant &amp; Equipment</b>	<b>2A</b>	<b>2,657</b>	<b>3,331</b>	3,669
b) Capital Work In Progress	2B	2,94,605	2,56,011	1,22,975
c) Intangible Assets	2C	2,987	2,511	3,120
d) Intangible Assets under development	2D	25,086	21,645	18,343
e) Financial Assets				
(i) Loans	3	7,834	7,834	7,824
		<u>3,33,169</u>	<u>2,91,331</u>	<u>1,55,931</u>
<b>Current assets</b>				
a) Financial Assets				
(i) Trade receivables	4	156	156	156
(ii) Cash and cash equivalents	5	1,69,002	2,33,960	4,01,054
b) Current Tax Assets	6	2,827	2,506	3,188
c) Other current assets	7	36,231	31,361	11,799
		<u>2,08,216</u>	<u>2,67,982</u>	<u>4,16,197</u>
<b>TOTAL ASSETS</b>		<b><u>5,41,385</u></b>	<b><u>5,59,313</u></b>	<b><u>5,72,128</u></b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a) Share Capital	8	93,327	90,677	89,227
b) Other Equity	9	4,41,695	4,58,784	4,69,680
		<u>5,35,022</u>	<u>5,49,461</u>	<u>5,58,907</u>
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
a) Employee Benefit obligation	10	2,912	1,654	1,427
b) Deferred Tax Liability	11	207	436	280
		<u>3,119</u>	<u>2,090</u>	<u>1,707</u>
<b>Current Liabilities</b>				
a) Financial Liabilities				
(i) Trade payables	12	1,486	254	5,019
(ii) Other Financial Liabilities	13	310	2,287	211
b) Other Current Liabilities	14	1,368	5,171	6,284
c) Provisions	15	80	50	-
		<u>3,244</u>	<u>7,762</u>	<u>11,514</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>5,41,385</u></b>	<b><u>5,59,313</u></b>	<b><u>5,72,128</u></b>
Significant Accounting Policies	1			

Notes are integral part of the balance sheet &amp; profit &amp; loss account

As per our report of even date

For and on behalf of Board of Directors

For P.R. Agarwal &amp; Awasthi

Chartered Accountants  
Firm Reg No.:117940WK.R.Krishnamurthy  
ChairmanSandeep Lakhwara  
Managing DirectorC.A.P.R. Agarwal  
Partner  
Membership Number- 34147K.Karunakaran  
Chief Financial OfficerS.Subramaniam  
Company Secretary

Place : Mumbai

Date : 23 May 2018

# DECCAN GOLD MINES LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS

### DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

(Amount in '000)

Particulars	Note No.	For the year ended 31-03-2018	For the year ended 31-03-2017
<b>INCOME :</b>			
Other income	16	11,112	19,767
Total Revenue		11,112	19,767
<b>EXPENDITURE :</b>			
Employee benefits expenses	17	15,607	88,401
Finance costs	18	24	113
Depreciation and amortization expenses	19	2,100	1,958
Other expenses	20	23,350	22,131
<b>Total Expenditures</b>		<b>41,081</b>	<b>1,12,603</b>
Profit before extraordinary items and tax		(29,969)	(92,836)
<b>Extraordinary Items :</b>			
Exceptional/Prior Period Items	21	-	2
<b>Profit before tax</b>		(29,969)	(92,838)
<b>Tax expenses :</b>			
Deferred tax	22	(229)	156
<b>Profit (Loss) for the year</b>		<b>(29,740)</b>	<b>(93,820)</b>
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income of the year		(29,740)	(93,820)
Earnings per equity share: Basic (in Rs.)		-0.32	-1.04
Earnings per equity share: Diluted (in Rs.)		-0.32	-1.04
Notes are integral part of the balance sheet & profit & loss account			

As per our report of even date

For and on behalf of Board of Directors

For P.R. Agarwal & Awasthi

Chartered Accountants  
Firm Reg No.:117940W

K.R.Krishnamurthy  
Chairman

Sandeep Lakhwara  
Managing Director

C.A.P.R. Agarwal  
Partner  
Membership Number- 34147

K.Karunakaran  
Chief Financial Officer

S.Subramaniam  
Company Secretary

Place : Mumbai

Date : 23 May 2018

## DECCAN GOLD MINES LIMITED

## Consolidated Cash Flow Statement For the year ended 31st March, 2018

(Amount in '000)

PARTICULARS	31st March, 2018	31st March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax and after Extraordinary items	(29,969)	(92,838)
Adjustment For :		
Depreciation	2,100	1,958
Provisions	-	-
Interest & Finance charges	24	113
Interest received	(11,112)	(19,750)
Expenses on Employee Stock Option	-	75,552
<b>Operative Profit before Working Capital Changes</b>	<b>(38,957)</b>	<b>(34,965)</b>
Adjustment For :		
Trade Receivables	-	-
Other Receivables, Loans & Advances	(4,870)	(19,572)
Trade & Other payable	(3,261)	(3,523)
<b>Cash Generation from Operations</b>	<b>(47,088)</b>	<b>(58,060)</b>
Direct Taxes	(322)	(144)
<b>Net Cash Flow from operating activities</b>	<b>(47,410)</b>	<b>(58,204)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets and Advances	(1,903)	(1,011)
Increase in Intangible Assets under development	(3,441)	(3,302)
Increase in Capital Work in Progress	(38,594)	(1,33,036)
Purchase/Sale of Investment (Net)	-	-
Dividend received	-	-
Interest Received	11,112	19,750
<b>Net Cash used in investing activities</b>	<b>(32,826)</b>	<b>(1,17,599)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Issue	15,302	5,574
Share Application Money Received	-	3,248
Finance charges & Others	(24)	(113)
<b>Net Cash used in financing activities</b>	<b>15,278</b>	<b>8,709</b>
<b>D. Net Change In Cash And Cash Equilants (A+B+C)</b>	<b>(64,958)</b>	<b>(1,67,094)</b>
Cash and Cash Equivalents (Opening)	2,33,960	4,01,054
Cash and Cash Equivalents (Closing)	1,69,002	2,33,960

As per our report of even date  
For P.R. Agarwal & Awasthi

Chartered Accountants  
Firm Reg No.:117940W

C.A.P.R. Agarwal  
Partner  
Membership Number- 34147

Place : Mumbai  
Date : 23 May 2018

For and on behalf of Board of Directors

K.R.Krishnamurthy  
Chairman

K.Karunakaran  
Chief Financial Officer

Sandeep Lakhwara  
Managing Director

S.Subramaniam  
Company Secretary

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

#### A. Equity share capital

(Rs. In '000)

	Number	Amount
<b>Balance as at 1 April 2016</b>	<b>8,92,27,375</b>	<b>89,227</b>
Changes in equity share capital during 2016-17	14,50,000	1,450
<b>Balance as at 31 March 2017</b>	<b>9,06,77,375</b>	<b>90,677</b>
<b>Balance as at 1 April 2017</b>	<b>9,06,77,375</b>	<b>90,677</b>
Changes in equity share capital during 2017-18	26,50,000	2,650
<b>Balance as at 31 March 2018</b>	<b>9,33,27,375</b>	<b>93,327</b>

#### B. Other equity

(Rs. In '000)

	Share Application Money Pending Allotment	Securities premium	Reserves and surplus Retained earnings	Capital Reserves	Employee Stock Option Outstanding	Total other Equity
<b>Balance as at 1 April 2016</b>	<b>4,576</b>	<b>5,95,990</b>	<b>(1,88,565)</b>	<b>16,726</b>	<b>40,953</b>	<b>4,69,680</b>
Received Further	8,822	52,485	-	-	-	61,307
Further Granted	-	-	-	-	75,552	75,552
Shares Issued	(10,150)	-	-	-	(43,785)	(53,935)
Profit for the year	-	-	(93,820)	-	-	(93,820)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
<b>Balance as at 31 March 2017</b>	<b>3,248</b>	<b>6,48,475</b>	<b>(2,82,385)</b>	<b>16,726</b>	<b>72,720</b>	<b>4,58,784</b>
<b>Balance as at 1 April 2017</b>	<b>3,248</b>	<b>6,48,475</b>	<b>(2,82,385)</b>	<b>16,726</b>	<b>72,720</b>	<b>4,58,784</b>
Received Further	15,302	88,620	-	-	-	1,03,922
Further Granted	-	-	-	-	-	-
Shares Issued	(18,550)	-	-	-	(72,720)	(91,270)
Profit for the year	-	-	(29,740)	-	-	(29,740)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>7,37,095</b>	<b>(3,12,126)</b>	<b>16,726</b>	<b>-</b>	<b>4,41,695</b>

Accompanying notes are forming part of financial statements

As per our report of even date  
For P.R. Agarwal & Awasthi

For and on behalf of Board of Directors

Chartered Accountants  
Firm Reg No.:117940W

K.R.Krishnamurthy  
Chairman

Sandeep Lakhwara  
Managing Director

C.A.P.R. Agarwal  
Partner  
Membership Number- 34147

K.Karunakaran  
Chief Financial Officer

S.Subramaniam  
Company Secretary

Place : Mumbai  
Date : 23 May 2018



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**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.**

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**1. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2018****A. PRINCIPLES OF CONSOLIDATION**

The Consolidated Ind AS financial statements relate to Deccan Gold Mines Limited. ("the company") and its Subsidiary.

**A. Basis of preparation of financial statements**

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Group has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in Note:31

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

As the quarter and year-to-date figures are taken from the source and rounded to the nearest digits, the quarter figures in these financial statements added up to the figures reported for the previous quarters might not always add up to the year-to-date figures reported in these financial statements.

**B. Basis of consolidation**

Deccan Gold Mines Limited consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as disclosed in Note:32. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The Group's investment in associates includes goodwill identified on acquisition.

**C. Use of estimates**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in the notes. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

# DECCAN GOLD MINES LIMITED

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## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

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### B. SIGNIFICANT ACCOUNTING POLICIES

#### A. Revenue Recognition

Revenue is recognized 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 recognized when services are rendered.
- ii. Interest Income is recognized on accrual basis
- iii. Dividend Income is accounted on accrual basis when the right to receive the dividend is established
- iv. Consultancy Income is recognized as and when services are rendered.

#### B. Property, plant and equipment:

Fixed assets are stated at cost of acquisition less accumulated depreciation if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready to use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Vehicles	8 Years
Computers	3 Years
Furniture	10 Years
Office Equipment	10 Years
Plant & Machinery	10 Years
Software	3 Years

Depreciation methods, useful lives and residual value are reviewed periodically, including at each financial year end.

“Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use the assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013”.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under ‘Capital work – in - progress’. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

#### C. Exploration and Evaluation Assets

Exploration and evaluation assets comprise capitalised costs which are attributable to the search for gold and related resources, pending the determination of technical feasibility and the assessment of commercial viability of an identified resource which comprises inter alia the following:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geo chemical and geo physical studies; exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements;
- Conducting market and finance studies.

The above includes employee remuneration, cost of materials and fuel used, payments to contractors etc. As the intangible component represents an insignificant/indistinguishable portion of the overall expected tangible costs to be incurred and recouped from future exploitation, these costs along with other capitalised exploration costs are recorded as exploration and evaluation asset.

Exploration and evaluation costs are capitalised on a project by project basis pending determination of technical feasibility and commercial viability of the project and disclosed as a separate line item under non-current assets. They are subsequently measured at cost less accumulated impairment/provision. Once proved reserves are determined,

**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.**

exploration and evaluation assets are transferred to “Development” under capital work in progress. However, if proved reserves are not determined, the exploration and evaluation asset is derecognised.

**D. Development Expenditure**

When proved reserves are determined, capitalised exploration and evaluation cost is recognised as assets under construction and disclosed as a component of capital work in progress under the head “Development”. All subsequent development expenditure is also capitalised.

**E. Intangible assets:**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over the irrespective individual estimated useful lives on a straight – line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

**F. Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account as and when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**G. Investments**

1. Financial instruments
  - i. Financial assets
  - ii. Initial recognition and measurement

All financial assets and liabilities are initially recognized at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognized using trade date accounting.

**2. Subsequent measurement****a. Financial assets carried at amortised costs: (AC)**

Financial assets are subsequently measured at amortised costs if it is held within a business model and whose objective is to hold the asset in order to collect the contractual cash flows and contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

**b. Financial assets at fair value through other comprehensive income: (FVTOCI)**

A financial assets is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

**c. Financial assets at fair value through profit and loss (FVTPL)**

Financial assets which are not classified in any of the above categories are subsequently fair valued through profit or loss.

**3. Equity instruments**

All equity investments are measured at fair value, with value changes recognised in the statement of profit and loss, except for those equity investments for which the company has elected to present the value changes in ‘other comprehensive income’.

**4. Investment in Subsidiaries and Associates and Joint Venture :**

The company has accounted for its investments in Subsidiaries and Associates and Joint Venture at cost and at amortised cost.

# DECCAN GOLD MINES LIMITED

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## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

### H. Foreign Currency

#### Functional Currency

The functional currency of the company is the Indian Rupee. The financial statements are presented in Indian Rupees(Rounded off to Thousands).

#### Functional Currency

Transactions and translations.

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

### I. Employee Benefits

- a. Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b. Post employment benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The defined benefit obligation is provided for on the basis of an actuarial valuation on projected unit cost method.
- c. Long Term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The liabilities on account of leave encashment have been provided on basis of an actuarial valuation on projected unit cost method.

### J. Taxation

- a. Provision for current tax is made with reference to taxable income computed for the accounting period, for which the financial statements are prepared by applying the tax rates as applicable.
- b. 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 Indian Accounting Standard 12 "Income Taxes" issued by The Institute of Chartered Accountants of India.

### K. Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

### L. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes to the accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

### M. Segmental 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 & Exploration.

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

## NOTE - 2 : A) PROPERTY, PLANT AND EQUIPMENT - I

Details of the property, plant and equipment and their carrying amounts are as follows: (Rs. in '000)

Particulars	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Computer	TOTAL
Gross carrying amount						
Balance as at 1 April 2017	1,161	856	3,673	721	1,600	8,011
Additions	-	12	-	-	128	140
Acquisition through business combination	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluation increase	-	-	-	-	-	-
Net exchange differences	-	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>1,161</b>	<b>868</b>	<b>3,673</b>	<b>721</b>	<b>1,728</b>	<b>8,151</b>
Depreciation and impairment						
Balance as at 1 April 2017	1,082	595	1,642	528	833	4,680
Disposal	-	-	-	-	-	-
Net exchange differences	-	-	-	-	-	-
Depreciation	7	29	286	64	428	814
<b>Balance as at 31 March 2018</b>	<b>1,089</b>	<b>624</b>	<b>1,928</b>	<b>592</b>	<b>1,261</b>	<b>5,494</b>
<b>Carrying amount as at 31 March 2018</b>	<b>72</b>	<b>244</b>	<b>1,745</b>	<b>129</b>	<b>467</b>	<b>2,657</b>

## NOTE - 2 : A) PROPERTY, PLANT AND EQUIPMENT - II

Details of the property, plant and equipment and their carrying amounts are as follows:

Particulars	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Computer	TOTAL
Gross carrying amount						
Balance as at 1 April 2016	1,138	791	3,538	616	1,460	7,543
Additions	23	65	135	105	140	468
Acquisition through business combination	-	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-	-
Net exchange differences	-	-	-	-	-	-
<b>Balance as at 31 March 2017</b>	<b>1,161</b>	<b>856</b>	<b>3,673</b>	<b>721</b>	<b>1,600</b>	<b>8,011</b>
Depreciation and impairment						
Balance as at 1 April 2016	1,049	569	1,367	436	453	3,874
Net exchange differences	-	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-	-
Depreciation	33	26	275	92	380	806
<b>Balance as at 31 March 2017</b>	<b>1,082</b>	<b>595</b>	<b>1,642</b>	<b>528</b>	<b>833</b>	<b>4,680</b>
<b>Carrying amount as at 31 March 2017</b>	<b>79</b>	<b>261</b>	<b>2,031</b>	<b>193</b>	<b>767</b>	<b>3,331</b>
<b>Carrying amount as at 1 April 2016</b>	<b>89</b>	<b>222</b>	<b>2,171</b>	<b>180</b>	<b>1,007</b>	<b>3,669</b>

# DECCAN GOLD MINES LIMITED

## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

### Note - 2 :

#### B) Capital Work In Progress

Particulars	(Amount in Rs. In '000)
Development of Ganajur Gold Mines	
Opening Balance as on 01/04/2017	2,56,011
Expenditure during the year	38,594
Less: Adjustment during the year	-
Closing balance as on 31/03/2018	2,94,605

Particulars	(Amount in Rs. In '000)
Development of Ganajur Gold Mines	
Opening Balance as on 01/04/2016	1,22,975
Expenditure during the year	1,33,036
Less: Adjustment during the year	-
Closing balance as on 31/03/2017	2,56,011

### Note - 2 :

#### C) Intangible Assets

Details of the Intangible Assets and their carrying amounts are as follows:

	Computer Software
Gross carrying amount	
<b>Balance as at 1 April 2017</b>	<b>4,080</b>
Additions	1,763
Acquisition through business combination	-
Disposals	-
Revaluation increase	-
Net exchange differences	-
Balance as at 31 March 2018	5,843
Depreciation and impairment	
Balance as at 1 April 2017	1,570
Disposal	-
Net exchange differences	-
Depreciation	1,286
Balance as at 31 March 2018	2,856
<b>Carrying amount as at 31 March 2018</b>	<b>2,987</b>

Gross carrying amount	
<b>Balance as at 1 April 2016</b>	<b>3,538</b>
Additions	543
Acquisition through business combination	-
Held for sale or included in disposal group	-
Net exchange differences	-
Balance as at 31 March 2017	4,081
Depreciation and impairment	
Balance as at 1 April 2016	418
Net exchange differences	-
Held for sale or included in disposal group	-
Depreciation	1,152
<b>Balance as at 31 March 2017</b>	<b>1,570</b>
<b>Carrying amount as at 31 March 2017</b>	<b>2,511</b>
<b>Carrying amount as at 1 April 2016</b>	<b>3,120</b>

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.**Note - 2 : D) Intangible Assets under Development**

Details of the Intangible Assets under development and their carrying amounts are as follows:

(Rs.in '000)

**Exploration and Evaluation Assets**

Gross carrying amount	
Balance as at 1 April 2017	21,645
Additions	3,441
Balance as at 31 March 2018	25,086

**Carrying amount as at 31 March 2018 25,086**

Gross carrying amount	
Balance as at 1 April 2016	18,343
Additions	3,302
<b>Balance as at 31 March 2017</b>	<b>21,645</b>

**Carrying amount as at 31 March 2017 21,645****Carrying amount as at 1 April 2016 18,343**

	31st March, 2018	31st March, 2017	1st April, 2016
<b>Note - 3 : Loans</b>			
Security Deposits			
Unsecured, considered good	7,834	7,834	7,824
	7,834	7,834	7,824
<b>Total</b>	<b>7,834</b>	<b>7,834</b>	<b>7,824</b>

**Note - 4 : Trade Receivables**

Unsecured, Considered Good

Due from Subsidiary Co.

	156	156	156
<b>Total</b>	<b>156</b>	<b>156</b>	<b>156</b>

**Note - 5 : Cash and cash equivalents****Balances with banks**

Balance with Banks	64,695	85,891	87,508
Bank deposits not having maturity more than 12 months	1,04,280	1,48,016	3,13,517
Cash on hand	27	53	29
<b>Total</b>	<b>1,69,002</b>	<b>2,33,960</b>	<b>4,01,054</b>

Earmarked Balance with banks for unclaimed dividend

Balance with banks to the extent held as margin money

**Note - 6 : Current Tax Assets**

Balance with Income Tax Authorities	2,827	2,506	3,188
<b>Total</b>	<b>2,827</b>	<b>2,506</b>	<b>3,188</b>

**Note - 7 : Other current assets****Advances other than Capital Advances**

-To Others	6,812	6,334	3,590
Balance with Government authorities:	-	-	-
-Other than Income Tax	28,749	24,290	7,518
Prepaid Expenses	329	322	106
Interest Receivable	341	414	586
<b>Total</b>	<b>36,231</b>	<b>31,360</b>	<b>11,800</b>

# DECCAN GOLD MINES LIMITED

## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

### Note : 8 Share Capital

(Rs.in '000)

A	Authorised Share Capital	Equity Share	
		Number	Amount
	Beginning of the year at 1 April 2016	25,00,00,000	2,50,000
	Increase/(decrease) during the year	-	-
	<b>Total shares authorised as at 31 March 2017</b>	<b>25,00,00,000</b>	<b>2,50,000</b>
	Total shares authorised as at 1 April 2017	25,00,00,000	2,50,000
	Increase/(decrease) during the year	-	-
	<b>Total authorised share capital as at 31 March 2018</b>	<b>25,00,00,000</b>	<b>2,50,000</b>

#### Terms/rights attached to equity shares

The company has only one class of equity shares having par value of INR 1 per share.

B	Issued, Subscribed & fully Paid Up	Equity Share	
		Number	Amount
	Balance as at 1 April 2016	8,92,27,375	89,227
	Changes during the period	14,50,000	1,450
	<b>Balance as at 31 March 2017</b>	<b>9,06,77,375</b>	<b>90,677</b>
	Balance as at 1 April 2017	9,06,77,375	90,677
	Changes during the period	26,50,000	2,650
	<b>Shares issued and fully paid as at 31 March 2018</b>	<b>9,33,27,375</b>	<b>93,327</b>

### C. Shares held by holding/ultimate holding company including shares held by subsidiaries or associates of the holding company/ultimate holding company

31st March, 2018	31st March, 2017	1st April, 2016
-	-	-

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

Name of the shareholder	31st March, 2018		31st March, 2017		1st April, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Rama Mines (Mauritius) Limited	2,52,34,068	27.04%	2,54,71,252	28.09	2,59,94,641	29.13

### E. Disclosure pursuant to Part I of Schedule 3 to the Companies Act 2013 :

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

(1) During the financial year 2014-15, the Company had granted 30,00,000 stock options to the eligible employees (15,00,000 options on 14 January, 2015 and 15,00,000 options on 10 March, 2015) under the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014. These options have been granted at a price of Rs.7/- per option plus all applicable taxes. The options would vest over a period of 2 years (post a lock-in period of 1 year from the date of grant) as decided by the Nomination & Remuneration Committee from the date of grant based on specified criteria. Further, It may be noted that the Board of Directors of the Company, at their meeting held on February 12, 2016 approved amendment to the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014 (Scheme) on account of the Company's rights issue



**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.**

during October, 2015. Under the amended Scheme, the number of stock options reserved for grant has been revised from 3,000,000 stock options to 4,500,000 stock options. Further, the Nomination & Remuneration Committee of the Board (NRC), at its meeting held on March 4, 2016 fixed the Exercise Price of the 1,500,000 new stock options as Rs.7/- per stock option (as was the case with the original 3,000,000 stock options). The NRC also granted these 1,500,000 new stock options to the respective allottee (s) in the same proportion as they were granted the original 3,000,000 stock options. Further, it was also decided that 100% of the new stock options would be vested on the allottee (s) post the mandatory lock-in period of 1 year from the date of grant and the exercise period shall remain at 12 months from the date of vesting. Out of the above 45,00,000 stock options all the stock options have been exercised by the employees as per the scheme laid.

(Rs.in '000)

**Note 9 - Other Equity:**

	As at 31 March 2018	As at 31 March 2017
<b>Share Application Money Pending Allotment</b>		
Opening Balance	3,248	4,576
(+) Further received	15,302	8,822
(-) Transfer Pursuant to Allotment	(18,550)	(10,150)
Closing Balance	-	3,248
<b>Employee Stock Option Outstanding</b>		
Opening Balance	72,720	40,953
(+) Further Granted	-	75,552
(-) Transfer Pursuant to Allotment	(72,720)	(43,785)
Closing Balance	-	72,720
<b>Capital Reserves</b>		
Opening Balance	16,726	16,726
(+)/(-) Transfer	-	-
Closing Balance	16,726	16,726
<b>Securities Premium Account</b>		
Opening Balance	6,48,475	5,95,990
(+)/(-) Transfer	88,620	52,485
Closing Balance	7,37,095	6,48,475
<b>Retained Earnings</b>		
Opening balance	(2,82,385)	(1,88,565)
(+) Net Profit / (Net Loss) for the current year	(29,740)	(93,820)
Closing Balance	(3,12,125)	(2,82,385)
Total	4,41,696	4,58,784
Opening balance as on 1st April, 2016		4,69,680

**Note - 10 : Provisions****For Employee Benefits:**

	31st March, 2018	31st March, 2017	1st April, 2016
Gratuity	2,912	1,654	1,427
<b>Total</b>	<b>2,912</b>	<b>1,654</b>	<b>1,427</b>

# DECCAN GOLD MINES LIMITED

## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

(Rs.in '000)

	31st March, 2018	31st March, 2017	1st April, 2016
<b>Note - 11 : Deferred tax Liability (Net)</b>			
<b>Deferred tax liability</b>			
Net Block as per Companies Act	5,493	5,610	6,422
Net Block as per Income Tax Act	4,588	4,100	5,560
Difference	<b>(905)</b>	<b>(1,510)</b>	<b>(862)</b>
<b>Deferred tax liability (A)</b>	<b>235</b>	<b>451</b>	<b>280</b>
<b>Deferred tax assets</b>			
Disallowances u/s 40(a) & 43B	108	51	-
<b>Deferred tax assets (B)</b>	<b>28</b>	<b>15</b>	<b>-</b>
<b>Net Deferred Tax (Liability) (Closing)</b>	<b>207</b>	<b>436</b>	<b>280</b>
<b>Note - 12 : Trade payables</b>			
<b>Unsecured :</b>			
Micro, Small and Medium Enterprises	-	-	-
Due to Holding Company	-	-	-
Due to Others	1,486	254	5,019
<b>Total</b>	<b>1,486</b>	<b>254</b>	<b>5,019</b>
<b>Note - 13 : Other Financial Liabilities</b>			
Outstanding Expenses	310	2,287	211
	<b>310</b>	<b>2,287</b>	<b>211</b>
<b>Note - 14 : Other Current Liabilities</b>			
Statutory dues	1,368	5,171	6,284
<b>Total</b>	<b>1,368</b>	<b>5,171</b>	<b>6,284</b>
<b>Note - 15 : Provisions</b>			
<b>Provision for employee benefits :</b>			
Gratuity	80	50	-
<b>Total</b>	<b>80</b>	<b>50</b>	<b>-</b>
	<b>For the year ended</b>	<b>For the year ended</b>	
	<b>31st March 2018</b>	<b>31st March 2017</b>	
<b>Note - 16 : Other income</b>			
Interest Income (TDS Rs. 1072 Thousand (P.Y.Rs.1912 Thousand))	11,112	19,750	
Miscellaneous Income	-	17	
<b>Total</b>	<b>11,112</b>	<b>19,767</b>	

**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.**

(Rs.in '000)

	<b>For the year ended 31st March 2018</b>	<b>For the year ended 31st March 2017</b>
<b>Note - 17 : Employee benefit expenses</b>		
Salaries & wages	13,791	12,191
Contributions to provident and other fund	1,287	278
Expenses on Employee Stock Option Scheme	-	75,552
Staff welfare expenses	529	380
<b>Total</b>	<b>15,607</b>	<b>88,401</b>
<b>Note - 18 : Finance costs</b>		
Interest expense	15	96
Bank Charges	9	17
<b>Total</b>	<b>24</b>	<b>113</b>
<b>Note - 19 : Depreciation &amp; Amortization Expenses</b>		
Depreciation on Tangible Assets	814	806
Depreciation on Intangible Assets	1,286	1,152
<b>Total</b>	<b>2,100</b>	<b>1,958</b>
<b>Note - 20 : Other expenses</b>		
Electricity Expenses	280	334
Listing Fees	571	467
Rent	3,229	3,168
Rates and taxes	742	404
Repair and maintenance	81	234
Director Remuneration	8,400	8,400
Advertising and business promotion	73	411
Traveling and conveyance	697	249
Communication Expenses	620	723
Legal and professional fees	5,489	5,180
Director Sitting Fees	465	355
Auditor's remuneration	230	395
Membership & Subscription	494	152
Miscellaneous expenses	1,979	1,659
<b>Total</b>	<b>23,350</b>	<b>22,131</b>
<b>Payments to auditor</b>		
For Audit Fee	165	155
For Certification & Others	65	240
<b>Total</b>	<b>230</b>	<b>395</b>

# DECCAN GOLD MINES LIMITED

## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

(Rs.in '000)

	For the year ended 31st March 2018	For the year ended 31st March 2017
<b>Note - 21 : Exceptional/Prior Period Items</b>		
Excess of Income Tax Provision Withdrawn	-	4
Penal Interest and Other Expenses	-	6
<b>Net Expenditure/(Income)</b>	<b>-</b>	<b>2</b>
<b>Note - 22 : Deferred Tax</b>		
Net Deferred Tax Liability(Closing)	207	436
Less:Net Deferred Tax Liability(Opening)	436	280
	<b>(229)</b>	<b>156</b>

**Note - 23:** As per Indian Accounting Standard 19 "Employee Benefits", the disclosure of Employee benefits as defined in the Indian Accounting Standard are given below:

### Defined Benefit Plan:

#### Gratuity

#### 1) Reconciliation of opening and closing balances of Defined Benefit Obligation

Particulars	Gratuity Funded	
	2017-18	2016-17
Defined Benefit Obligation at the beginning of the year	1,654	1,427
Current Service Cost	229	201
Interest Cost	116	72
Past Service Cost	1014	-
Actuarial (Gain)/Loss	(129)	(46)
Defined Benefit Obligation at the end of the year	2,884	1,654

#### 2) Reconciliation of opening and closing balances of fair value of Plan Assets

Particulars	Gratuity Funded	
	2017-18	2016-17
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return of Plan Assets	-	-
Actuarial (Gain)/Loss	-	-
Employer Contribution	-	-
Benefits Paid	-	-
Fair Value of Plan Assets at the end of the year	-	-
Actual Return of Plan Assets	-	-

**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.**

(Rs.in '000)

**3) Reconciliation of Fair Value of Assets and Obligations**

Particulars	Gratuity Funded	
	2017-18	2016-17
Fair Value of Plan Assets	-	-
Present Value of Obligation	2,884	1,654
Amount recognised in Balance Sheet (Surplus/(Deficiet))	2,884	1,654

**4) Expenses recognised during the year**

Particulars	Gratuity Funded	
	2017-18	2016-17
In Income Statement	-	-
Current Service Cost	229	201
Interest Cost	116	72
Return on Plan Assets	-	-
Past Service Cost	1,014	-
Net Cost	1,359	273
In Other Comprehensive Income	-	-
Acturial (Gain)/Loss	(129)	(46)
Net (Income) / Expense for the period Recognised in OCI	1,230	227

**5) Acturial Assumptions**

Particulars	Gratuity Funded	
	2017-18	2016-17
Discount Rate(per annum)	7.55%	7.10%
Rate of Escalation in Salary(per annum)	6%	6%

**6) Sensitivity Analysis**

Significant Acturial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given :

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Decrease	Increase	Decrease	Increase
Change in discounting rate(delta effect of +/-0.5%)	2,978	2,794	1,718	1,593
Change in rate of Salary increase(delta effect of +/-0.5%)	2,853	2,952	1,641	1,666

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

- Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
- Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.
- Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate

# DECCAN GOLD MINES LIMITED

## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

- d) Salary risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

### Note - 24. Related party disclosure

- a) Name of related parties and relationship

S. No.	Name of the party	Relationship
1	SandeepLakhwara	Managing Director
2	Charles E.E. Devenish	Chairman ( From 12.12.2017)
3	K.R. Krishnamurthy	Director
		Chairman ( From 12.12.2017)
4	V.K. Gaur	Director
5	Pratima Ram	Director
6	Govind Samant	Additional Director ( From 12.12.2017)
7	Dr. ModaliHanuma Prasad	Additional Director ( From 12.12.2017)
8	Kaushik Mukherjee	Additional Director ( From 13.02.2018)
9	K. Karunakaran	Chief Financial Officer
10	S. Subramaniam	Company Secretary

- b) Transactions with related parties:-

(Amount in'000)

Sr.No.	Nature	Year ended 31, March'2018	Year ended 31, March'2017
1	Managerial Remuneration paid to director	8,400	8,400
2	Directors Sitting Fees & Audit Committee fees	465	355
3	Remuneration paid to CFO	3,150	3,150
4	Remuneration paid to CS	3,990	3,990

### Note - 25 :The particulars of Foreign Exchange Earnings and Expenditure are:

#### Earnings:

	Particulars	31st March,2018	31st March,2017
i	Exports	Nil	Nil

#### Expenditure:

Particulars	31st March,2018	31st March,2017
i Import of Materials	Nil	Nil
ii Professional Fees	12,597	51,087
iii Analysis Charges	-	13,887
iv Travelling & Other Expense	35	1,285
<b>Total</b>	<b>12,632</b>	<b>66,259</b>

**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.****Note-26 CONTINGENT LIABILITIES NOT PROVIDED FOR:****(Rs.in '000)**

SL	Particulars	March 31, 2018	March 31, 2017
a)	Capital Commitments	NIL	NIL
b)	Claims against company not acknowledged as debts	NIL	NIL
c)	Contingent Liabilities	NIL	NIL

**Note-27 Earning Per Share**

SL	Particulars	March 31, 2018	March 31, 2017
a)	Net Profit available for Equity Shareholders (Rs in Thousands)	(29,740)	(93,820)
b)	Weighted Average Number of Shares	9,24,46,538	9,03,08,614
c)	Basic Earning Per Share (in Rs.)	(0.32)	(1.04)
d)	Diluted Earning Per Share (in Rs.)	(0.32)	(1.04)

**Note - 28: Disclosure in respect of Employee Stock Option Scheme**

Disclosure in respect of Deccan Gold Mines Limited Employee Stock Option Scheme 2014

Particulars	Tranche-1	Tranche-2
	750,000	750,000
Particulars	Intrinsic Value	
Vesting Date	14/01/2016	14/01/2017
Exercise Period	14/01/2016 to 13/01/2017	14/01/2017 to 13/01/2018
Grant Date	14/01/2015	14/01/2015
Grant / Exercise Price per share	Rs.7	Rs.7
Market Price on the date prior to the date of grant of option	Rs.44.05	Rs.44.05
Particulars	Tranche-1	Tranche-2
No. of Options	750,000	750,000
Method of Accounting	Intrinsic Value	
Vesting Date	10/03/2016	10/03/2017
Exercise Period	10/03/2016 to 09/03/2017	10/03/2017 to 09/03/2018
Grant Date	10/03/2015	10/03/2015
Grant / Exercise Price per share	Rs.7	Rs.7
Market Price on the date prior to the date of grant of option	Rs.30.80	Rs.30.80
Particulars	01/04/2017 to 31/03/2018	01/04/2016 to 31/03/2017
Options outstanding at the beginning of the year	11,50,000	11,00,000
Options granted during the year	Nil	Nil
Options vested during the year	Nil	15,00,000
Exercised during the year	11,50,000	14,50,000
Options lapsed during the year	Nil	Nil
Options lapsed on account of employee resignation	Nil	Nil
Options outstanding at the end of the year	Nil	11,50,000
Options unvested at the end of the year	NIL	NIL

# DECCAN GOLD MINES LIMITED

## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

### Disclosure in respect of Deccan Gold Mines Limited Employee Stock Option Scheme 2014 (amended 2016).

Particulars	Tranche-1
No. of Options	15,00,000
Method of Accounting	Intrinsic Value
Vesting Date	04/03/2017
Exercise Period	04/03/2017 to 03/03/2018
Grant Date	04/03/2016
Grant / Exercise Price per share	Rs.7
Market Price on the date prior to the date of grant of option	Rs.33.70

Particulars	01/04/2017 to 31/03/2018	01/04/2016 to 31/03/2017
Options outstanding at the beginning of the year	15,00,000	NIL
Options granted during the year	Nil	Nil
Options vested during the year	Nil	15,00,000
Exercised during the year	15,00,000	NIL
Options lapsed during the year	NIL	NIL
Options lapsed on account of employee resignation	NIL	NIL
Options outstanding at the end of the year	Nil	1500000
Options unvested at the end of the year	NIL	NIL

Note: It may be noted that the Board of Directors of the Company, at their meeting held on February 12, 2016 approved amendment to the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014 (Scheme) on account of the Company's rights issue during October, 2015. Under the amended Scheme, the number of stock options reserved for grant has been revised from 3,000,000 stock options to 4,500,000 stock options. Further, the Nomination & Remuneration Committee of the Board (NRC), at its meeting held on March 4, 2016 fixed the Exercise Price of the 1,500,000 new stock options as Rs.7/- per stock option (as was the case with the original 3,000,000 stock options). The NRC also granted these 1,500,000 new stock options to the respective allottee (s) in the same proportion as they were granted the original 3,000,000 stock options. Further, it was also decided that 100% of the new stock options would be vested on the allottee (s) post the mandatory lock-in period of 1 year from the date of grant and the exercise period shall remain at 12 months from the date of vesting.

On May 11, 2016, the Company received 'in-principle' approval of BSE in respect of the 1,500,000 new stock options.

Employee Stock Option Outstanding account Rs Nil (PY Rs. 727.20 Lacs) & Deferred Employee Compensation account Rs NIL (PY Rs Nil). Employee Compensation Expenses amounting to Rs. Nil (PY Rs.755.52 Lacs) is included under the head Salaries and other benefits

#### Note - 29 :

The Board of our Company was approached by Geomysore Services (India) Private Limited (GMSI) for being taken over. This was sought to be achieved through a take over of Australian Indian Resources Limited, Australia (AIR) which is a key shareholder of GMSI and a 'buy-out' of other interested shareholders. The Company believes that the proposed takeover of GMSI would result in consolidation benefits in terms of gold assets to create a large Indian listed gold company.

The proposal will be put the Board of Directors of the Company and GMSI for their final approval as regards the terms and conditions of the transaction including but not limited to the relevant valuation of shares and share exchange ratio at the appropriate time following which applicable shareholder / regulatory approvals will be sought.

#### Note - 30 : Note on Right Issue

During the financial year 2015-16 the company raised Rs.50.34 crores through Right Issues of equity shares. The shares were issued at issue price of Rs.17 per share (inclusive of premium of Rs.16 per share). The shares were issued at the ratio of 1:2 to the shareholders.



**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.**

The paid up capital of the company prior to this Right issue stood at 5,92,18,250 equity shares of Re.1 each. Accordingly 2,96,09,125 equity shares were offered on Right Issue basis and the Issue was kept open from 14th October 2015 to 30th October, 2015.

The Rights Issue was subscribed 1.3 times of the issue size & the process of the allotment was completed by November, 2015.

The shares so issued were admitted for listing/trading on the Bombay Stock Exchange (BSE) with effect from 11th November, 2015.

The Right Issue fund raising was made by the Company for the following objects:

- Investment in Subsidiary Company
- General Corporate Purpose ; and
- Expenses for the Issue

Post the allotment of the shares under the Right Issue as discussed above, the promoters i.e. Rama Mines, Mauritius Limited, Mauritius held approximately 29% stake in the Company with the balance 71% being widely held with a significant participation by FIIs and Non-resident investors.

Utilization of proceeds of rights issue by the Company for the year ended 31.03.2018 is as under: (Amount in Rs)

<b>Proceeds from Rights Issue</b>		
<b>Opening balance as on 01.04.2017</b>		<b>6,41,08,500</b>
Amount Utilized:		
Expenses for the issue		
Rights Issue expenses		
General Corporate Purposes:		
Staff cost and other administration Expenses	3,27,75,210	
Exploration expenses and other expenses	34,40,776	
Total:	3,62,15,986	
<b>Closing balance of Rights Issue proceeds as on 31.3.2018</b>		<b>2,78,92,514</b>

Utilization of proceeds of rights issue by the Company for the year ended 31.03.2017 is as under: (Amount in Rs)

<b>Proceeds from Rights Issue</b>		
<b>Opening balance as on 01.04.2016</b>		<b>8,15,39,915</b>
Amount Utilized:		
Expenses for the issue		
Rights Issue expenses		
General Corporate Purposes:		
Staff cost and other administration Expenses	1,40,88,019	
Exploration expenses and other expenses	33,43,396	
Total:	1,74,31,415	
<b>Closing balance of Rights Issue proceeds as on 31.3.2017</b>		<b>6,41,08,500</b>

**Note - 31 : Reconciliation of Profit and Equity between Ind AS and previous GAAP.**

The company adopted Indian Accounting Standards ("Ind AS") from 1 April 2016 and accordingly these results has been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34, Interim Financial Reporting prescribed under section 133 of the companies act 2013 read with the relevant rules issued there under and other accounting pronouncements generally accepted in India. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34.

# DECCAN GOLD MINES LIMITED

## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

### Reconciliation of equity as on 01.04.2016 & 31.03.2017 as previously reported under Previous GAAP to Ind AS

Particulars	As on 31.03.2017	As on 01.04.2016
Equity reported under Indian GAAP	2,72,455	4,18,240
Adjustments		
Impact on account of recognition of development of Ganajur Gold Mines	2,56,011	1,22,975
Impact on account of recognition of Exploration and Evaluation Assets	21,643	18,340
Impact on account of Goodwill	(648)	(648)
<b>Equity reported under Indian Ind AS</b>	<b>5,49,461</b>	<b>5,58,907</b>

### Reconciliation of Profit for the year ended 31.3.2017 as per Indian GAAP and as per Ind AS :

Particulars	31st March. 2017
Net Profit/(Loss) reported under Indian GAAP	(93,869)
Adjustments:	
Impact on account of de-recognition of Pre-Operative Expenses	(40)
Impact on account of Preliminary Expenses	90
<b>Net Profit/(Loss) reported under Ind AS</b>	<b>(93,820)</b>

### Note - 32: Additional Information pursuant to Para 2 of General Instructions for preparation of consolidated financial statements

Name of the Entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in Profit/Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consoli dated Net Assets	Amount	As % of Consoli dated Profit/ Loss	Amount (Rs.in '000)	As % of Consoli dated Other Compre hensive Income	Amount in '000	As % of Consoli dated Other Compre hensive Income	Amount (Rs.in '000)
Deccan Exploration Services Pvt.Ltd.	83.23	4,45,252	19.42	(5,775)	-	-	19.42	(5,775)

As per our report of even date

For and on behalf of Board of Directors  
For P.R. Agarwal & Awasthi

Chartered Accountants  
Firm Reg No.:117940W

C.A.P.R. Agarwal  
Partner  
Membership Number- 34147

K.R.Krishnamurthy  
Chairman

K.Karunakaran  
Chief Financial Officer

Sandeep Lakhwara  
Managing Director

S.Subramaniam  
Company Secretary

Place : Mumbai  
Date : 23 May 2018

## NOTES

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## NOTES

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## NOTES

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## NOTES

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**REGISTERED OFFICE**

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