



# DECCAN GOLD MINES LIMITED

**ANNUAL REPORT 2019**

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## NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE** is hereby given that the Thirty Fifth (35th) Annual General Meeting of the Members of Deccan Gold Mines Limited (CIN:L51900MH1984PLC034662) ('the Company') will be held at Banquet Hall, Sher-e-Punjab Gymkhana & Health Club Association, 368/72, Sher-E-Punjab Society, Off. Mahakali Caves Road, Andheri (East), Mumbai 400093 on Thursday, September 19, 2019 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, 2019 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, 2019 along with the Reports of the Auditors thereon.
2. To appoint a Director in place of Dr Hanuma Prasad Modali (DIN: 01817724), who retires by rotation and being eligible, has offered himself for reappointment.

### SPECIAL BUSINESS:

3. **Re-appointment of Mr. Sandeep Lakhwara (DIN: 01049978) as Managing Director of the Company for the period from May 1, 2019 to April 30, 2020 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 accorded for re-appointment of Mr Sandeep Lakhwara (DIN: 01049978) as Managing Director of the Company from May 1, 2019 to April 30, 2020 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 August 8, 2019 for Item No. 3.

**RESOLVED FURTHER THAT** the Board of Directors ("Board") / Nomination and Remuneration Committee of Directors ("NRC") of the Company be 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 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 deem fit, to give effect to this resolution without being required to seek any further consent or approval of the shareholders."

4. **Appointment of Mr. Natesan Chinnapan (DIN: 08415969) as an Independent Director of the Company:**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under (including any statutory modifications or re-enactment thereof for the time being in force), Mr Natesan Chinnapan (DIN: 08415969) and who fulfils the requirements for being appointed as an Independent Director, and for whom the Company has received a notice under Section 160 of the Act from a shareholder proposing his candidature

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for the office of Director of the Company, be appointed as an Independent Director of the Company not liable to retire by rotation to hold office for a period of 2 (Two) years up to April 11, 2021."

**5. Appointment of Mr Kailasam Sundaram (DIN: 07197319) as an Independent Director of the Company:**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under (including any statutory modifications or re-enactment thereof for the time being in force), Mr Kailasam Sundaram (DIN: 07197319) and who fulfils the requirements for being appointed as an Independent Director, 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 Director of the Company, be appointed as an Independent Director of the Company not liable to retire by rotation to hold office for a period of 2 (Two) years up to August 7, 2021."

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 : August 8, 2019

**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 Thursday, September 12, 2019 to Thursday, September 19, 2019 (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 2018-19 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))

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- l) Members desirous of getting any information about the financial statements 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.

**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.m

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

- (i) The voting period begins on Monday, September 16, 2019 at 9:00 am and ends on Wednesday, September 18, 2019 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, September 12, 2019 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:
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - 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

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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, September 12, 2019.

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.

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

### Item No. 3

The Board of Directors in their meeting held on April 12, 2019, as per the recommendation of the Nomination and Remuneration Committee, approved re-appointment of Mr Sandeep Lakhwara (DIN: 01049978) as Managing Director of the Company for a period of one year from May 1, 2019 to April 30, 2020 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, 2019 to April 30, 2020 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	12,42,500 equity shares held in the Company (as on March 31, 2019)

Other disclosure as per Schedule V of the Companies Act, 2013:

<b>I. General Information:</b>			
1.	Nature of industry	Gold exploration	
2.	Date or expected date of commencement of commercial production	Expected commencement of commercial production is 18 months from the date of execution of Mining Lease in respect of Ganajur Gold Project.	
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable	
4.	Financial performance based on given indicators	2018-19	

		Total Income	2,465
		Profit/(Loss) before Taxation	(24,047)
		Profit/(Loss) after Taxation	(24,047)
		Other comprehensive income	(283)
		Balance transferred to Balance Sheet	(24,330)
		No. of shares	93327375
		Paid-up capital	93327375
	5.	Foreign investments or collaborations, if any.	Rama Mines Mauritius Limited, Mauritius (RMML) is the promoter of the Company and as on date i.e., 8th August 2019 holds 2,50,65,125 equity shares of Re1/- each translating to 26.86% stake in the Company.
<b>II</b>	<b>Information about the appointee:</b>		
	1.	Background details	Sandeep Lakhwara 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), Sandeep has been a principal and partner of several Australian based accounting practices specializing in capital raisings for the mineral industry, financial planning and corporate regulatory requirements for publicly listed companies. He lived in Australia for 25 years, headed various organizations in the past, at times taking small start-ups to fully developed successful businesses, and moved to Bangalore, India during 2002 to oversee the development of the mineral exploration projects in India.
	2.	Past remuneration	INR 700,000/- (Rupees Seven Lacs only) per month.
	3.	Recognition or awards	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 print and electronic media.
	4.	Job profile and his suitability	Sandeep has been functioning as the Managing Director of the Company and is primarily responsible for the acquisition, growth and operations of Deccan Gold Mines Limited since 2002.
	5.	Remuneration proposed	INR 700,000/- (Rupees Seven Lacs only) per month (in terms of the proviso to Part II Section II (A) of Schedule V to the Companies, Act, 2013)
	6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	At present, Deccan Gold Mines Limited is the only gold exploration company in India that is listed on the BSE Limited (BSE). Hence, there is no comparative remuneration profile available in India.
	7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Nil



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III.	Other information:		
1.	Reasons of loss or inadequate profits	<p>Revenue / profits can only be generated post commencement of commercial production of gold.</p> <p>Deccan Gold Mines Limited is a gold exploration company and is yet to commence commercial production.</p> <p>The Company would commence the commercial production of gold exploration after the grant of Mining Lease in respect of the Ganajur Gold Project of its wholly-owned subsidiary viz., Deccan Exploration Services Private Limited (DESPL) which is presently under the active consideration of the State Government of Karnataka for issue of Letter of Intent / Grant Notification Letter followed by execution of Mining Lease Deed between DESPL and the State Government of Karnataka.</p>	
2.	Steps taken or proposed to be taken for improvement	<p>The Company has been vigorously pursuing the grant of mineral concession applications lodged by it and its wholly-owned subsidiary with specific focus over the Ganajur Gold Project of its wholly-owned subsidiary DESPL. Post commencement of production, the Company is expected to earn revenues.</p>	
3.	Expected increase in productivity and profits in measurable terms	<p>Revenue / profits can only be generated post commencement of commercial production of gold. Commercial production can commence only after grant of Mining Lease in respect of the Ganajur Gold Project of DESPL, a wholly-owned subsidiary of the Company.</p>	

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. 4 to 5

The Company had appointed Mr Natesan Chinnapan (DIN: 08415969) and Mr Kailasam Sundaram (DIN: 07197319) with effect from April 12, 2019 and August 8, 2019 respectively as Independent & Non-Executive Director.

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 with respect to appointment and tenure of Independent Directors which came into effect from April 1, 2014, Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation. The term shall be effective prospectively.

Both the aforesaid Directors have given a declaration that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, both Mr Natesan Chinnapan and Mr Kailasam Sundaram fulfil the conditions specified in the Companies Act, 2013 and Rules made thereunder for their respective appointment as Independent Director of the Company.

The Board of Directors believes that the vast experience and knowledge of the aforesaid director (s) in their respective fields shall be beneficial for the progress of the Company. Hence in the interest of the Company, the Board recommends the appointment of Mr Natesan Chinnapan and Mr Kailasam Sundaram respectively as Independent Director.

The draft letters of appointment of aforesaid Independent Directors, setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Apart from Mr Natesan Chinnapan and Mr Kailasam Sundaram, in their respective resolution, 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 or the entities comprising the interest of Promoters, Directors or Key Managerial Persons, are concerned or interested financially or otherwise in the resolutions included under Item Nos. 4 & 5.

**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**

**(1) Sandeep Lakhwara:**

Age (Date of Birth)	September 5, 1955
Date of appointment on the Board	July 31, 2002
Term	May 1, 2019 to April 30, 2020
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	1,242,500 shares (as on March 31, 2019)
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	4
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, 2019	Nil
Directorship in other Indian Public Limited Companies as on March 31, 2018	Nil

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### (2) Dr Hanuma Prasad Modali:

Age (Date of Birth)	July 18, 1965
Date of appointment on the Board	December 12, 2017
Term	Liable to retire by rotation
Educational Qualification	M.Sc., Ph.D., MAusIMM
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 Equity Shares
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	4
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 March 31, 2019	Nil

### (3) Mr Natesan Chinnapan:

Age (Date of Birth)	June 1, 1947
Date of appointment on the Board	April 12, 2019
Term	Two years (not liable to retire by rotation)
Educational Qualification	M.Sc., (Geology)
Background details, Recognition or awards and Experience & Expertise in functional areas	Mr Natesan has 41 years of experience in all facets of exploration and exploitation activities related to minerals like bauxite, limestone, magnesite and graphite. He has proved 10 bauxite deposits in Chhattisgarh and Tamil Nadu. Mr Natesan served as Head of Mines in Bharat Aluminium Co Limited and Madras Aluminium Co Limited (Vedanta Resources) till 2010. During this period, he was instrumental in obtaining forest and environmental clearances in Kolli Hills bauxite deposits in Tamil Nadu; Mainpat and Kawardha bauxite deposits in Chhattisgarh.
Post his retirement in 2010, Mr Natesan is presently based in Salem, Tamil Nadu.	
Shareholding in the Company	Nil

Terms and Condition of appointment (Other brief terms also required to be stated)	Independent & Non-executive Director
Details of Remuneration sought to be paid	Nil
Remuneration last drawn	As per his contract of employment with his employer at that time
Number of Meetings attended during the year	Not applicable (appointed on April 12, 2019)
Relationship with other Director, Manager and other Key Managerial Personnel of the Company	Mr Natesan 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, 2019	Nil

**(4) Mr Kailasam Sundaram:**

Age (Date of Birth)	July 19, 1964
Date of appointment on the Board	August 8, 2019
Term	Two years (not liable to retire by rotation)
Educational Qualification	Post Graduate in Commerce
Fellow Member of the Institute of Company Secretaries of India	
Associate Member of the Institute of Cost & Management Accountants of India	
Background details, Recognition or awards and Experience & Expertise in functional areas	Presently based in Bangalore, Mr Kailasam has over 28 years of corporate experience in the field of corporate law, FEMA, finance & taxation, audit (internal & external), legal and HR matters. Areas of expertise include fund raising for short-term and long-term requirements, listing of securities and handling of direct and indirect tax matters, risk assessment, evaluation of internal controls, understanding and evaluation of systems and processes.
	Since July, 2015 he is acting as an Independent Advisor to various corporates providing specialised services on capital structuring (within and outside India), FEMA and other corporate law matters. He is a regular speaker and presents papers on corporate law matters at events conducted by professional bodies.
Shareholding in the Company	Nil
Terms and Condition of appointment (Other brief terms also required to be stated)	Independent & Non-executive Director
Details of Remuneration sought to be paid	Nil
Remuneration last drawn	As per his contract of employment with his employer at that time
Number of Meetings attended during the year	Not applicable (appointed on August 8, 2019)
Relationship with other Director, Manager and other Key Managerial Personnel of the Company	Mr Kailasam is not related to any other director of the Company.
Other membership / Chairmanship of Committees of the Boards	Nil

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Directorship in other Indian Public Limited Companies as on 31st March, 2019	Nil
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Mr Sandeep Lakhwara, Dr Hanuma Prasad Modali, Mr Natesan Chinnapan and Mr Kailasam Sundaram 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 Item Nos. 2 to 5.

Your Directors recommend the resolutions as specified in Item Nos. 2 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 : August 8, 2019

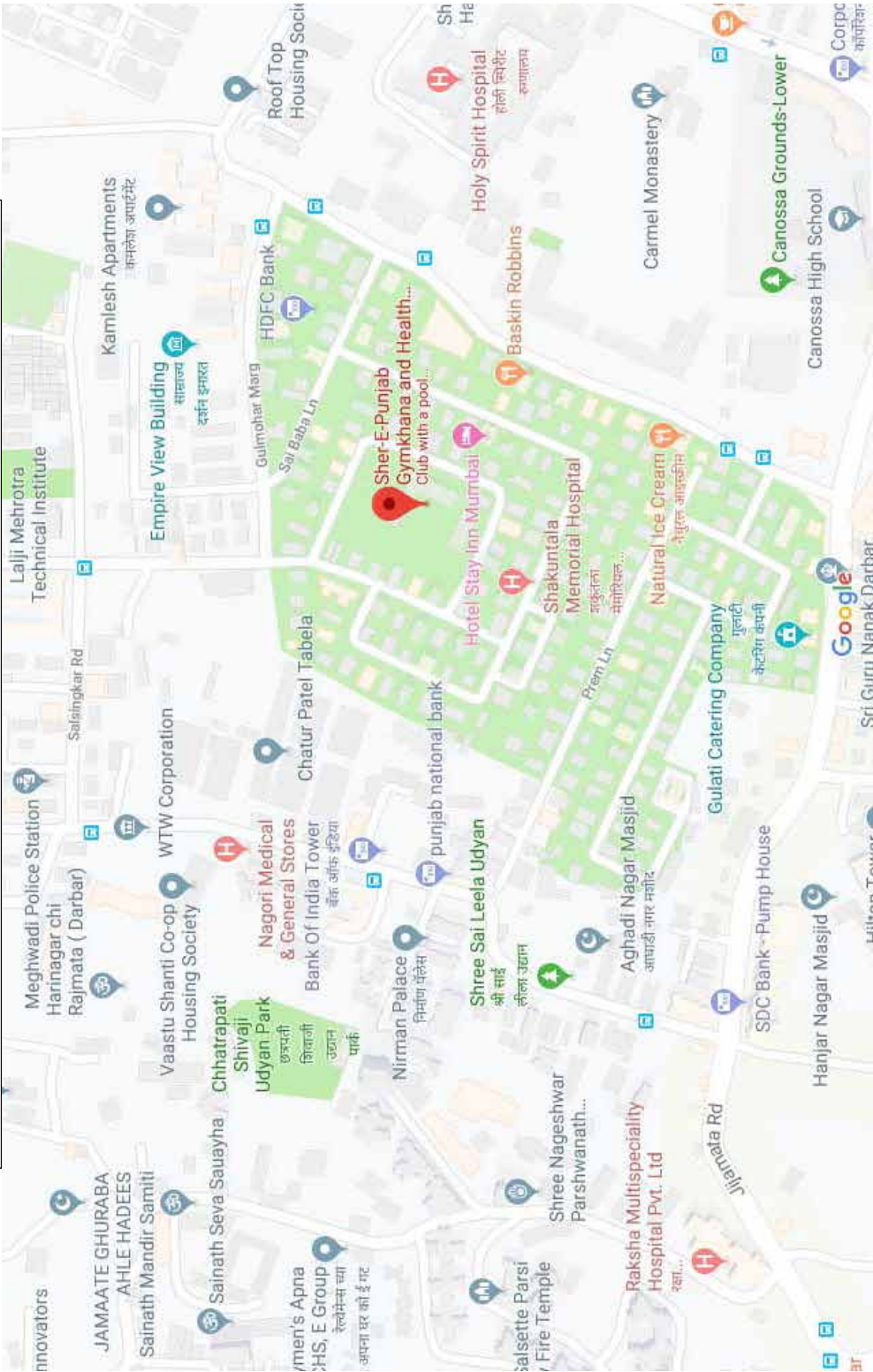
**IMPORTANT NOTICE TO SHARE HOLDERS - DEMATERIALISATION OF SHARES :**

1. The Securities and Exchange Board of India (SEBI) vide its circular dated 20<sup>th</sup> 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.

DECCAN GOLD MINES LIMITED

Route Map for Banquet Hall, Sher-e-Punjab Gymkhana & Health Club Association, 368/72, Sher-E-Punjab Society, Off. Mahakali Caves Road, Andheri (East), Mumbai 400093

Banquet Hall, Sher-e-Punjab Gymkhana & Health Club Association  
Venue of 35th 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**

**35<sup>th</sup> Annual General Meeting – Thursday, September 19, 2019**

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 35<sup>th</sup> ANNUAL GENERAL MEETING of the Company held on Thursday, September 19, 2019 at 2:30 p.m. at Banquet Hall, Sher-e-Punjab Gymkhana & Health Club Association, 368/72, Sher-E-Punjab Society, Off. Mahakali Caves Road, Andheri (East), Mumbai 400093 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

.....

**ELECTRONIC VOTING PARTICULARS**

<b>Electronic Voting Sequence Number) (EVSN)</b>	<b>User ID</b>	<b>Password</b>

**Note:** Please read the instructions printed in the Notes attached to the Notice dated August 8, 2019 convening the 35<sup>th</sup> Annual General Meeting. The voting period starts from 9.00 a.m. (IST) on Monday, September 16, 2019 and ends at 5.00 p.m. on Wednesday, September 18, 2019. The voting module shall be disabled by CDSL for voting thereafter.



**DECCAN GOLD MINES LIMITED**

Parinee Crescenzo, 803, 8th Floor, Opp. MCA Ground, C38-39,  
G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051

**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):	Folio No:
Registered address:	*Client Id:
	*DP ID:
E-mail Id:	

(\*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.....

.....

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

Address.....

.....

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 35th Annual General Meeting of the Company, to be held on Thursday, September 19, 2019 at 2.30 p.m. at Banquet Hall, Sher-e-Punjab Gymkhana & Health Club Association, 368/72, Sher-E-Punjab Society, Off. Mahakali Caves Road, Andheri (East), Mumbai 400093 and at any adjournment thereof in respect of such resolutions as are indicated below:

# DECCAN GOLD MINES LIMITED

\*\*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, 2019 and the reports of the Board of Directors and Auditors thereon.	Ordinary		
2	Appointment of Dr Hanuma Prasad Modali (DIN:01817724) as Director liable to retire by rotation	Ordinary		
	SPECIAL BUSINESS			
3	Reappointment of Mr Sandeep Lakhwara (DIN:01049978) as Managing Director for a period of one year w.e.f. May 1, 2019 upon the terms & conditions including remuneration as mentioned in the Ordinary Resolution	Ordinary		
4	Appointment of Mr Natesan Chinnapan (DIN: 08415969) as Independent Director or a period of 2 years w.e.f. April 12, 2019 (not liable to retire by rotation)	Ordinary		
5	Appointment of Mr Kailasam Sundaram (DIN: 07197319) as Independent Director or a period of 2 years w.e.f. August 8, 2019 (not liable to retire by rotation)	Ordinary		

Signed this..... day of..... 2019

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	: Ms Pratima Ram (w.e.f. May 1, 2019)
Managing Director	: Mr. Sandeep Lakhwara
Directors	: Mr K.R. Krishnamurthy (ceased to be Chairman / Director w.e.f. April 30, 2019 consequent upon resignation) Prof. Vinod Kumar Gaur (ceased to be Director w.e.f. May 21, 2019 consequent upon resignation) Dr Hanuma Prasad Modali Mr Govind Subhash Samant Mr Kaushik Mukherjee (ceased to be Director w.e.f. July 1, 2019 consequent upon resignation) Mr Natesan C (appointed w.e.f. April 12, 2019) Mr Kailasam S (appointed w.e.f. August 8, 2019)
Exploration Director	: Mr Saradchandra Rao Peshwa
Head-Legal & Company Secretary	: Mr Subramaniam S.
Chief Financial Officer	: Mr Karunakaran K.
Corporate Identification No	: L51900MH1984PLC034662
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
Auditors	: M/s. P R Agarwal & Awasthi Chartered Accountants, Mumbai. (Firm Registration No 117940W)
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>
Bankers	: Kotak Mahindra Bank

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**PROFILE OF BOARD OF DIRECTORS****Ms PRATIMA RAM**

Chairman (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.

**Mr SANDEEP LAKHWARA (B.Bus., CPA)**

Managing Director (Executive)

Sandeep has over 20 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.

**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 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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### **Mr NATESAN CHINNAPAN**

Independent, Non-Executive Director

A Post Graduate in Geology, Natesan has 41 years of experience in all facets of exploration and exploitation activities related to minerals like bauxite, limestone, magnesite and graphite. He has proved 10 bauxite deposits in Chhattisgarh and Tamil Nadu. Natesan served as Head of Mines in Bharat Aluminium Co Limited and Madras Aluminium Co Limited (Vedanta Resources) till 2010. During this period, he was instrumental in obtaining forest and environmental clearances in Kolli Hills bauxite deposits in Tamil Nadu; Mainpat and Kawardha bauxite deposits in Chhattisgarh.

### **Mr KAILASAM SUNDARAM**

Independent, Non-Executive Director

Kailasam has over 28 years of corporate experience in the field of corporate law, FEMA, finance & taxation, audit (internal & external), legal and HR matters. Areas of expertise include fund raising for short-term and long-term requirements, listing of securities and handling of direct and indirect tax matters, risk assessment, evaluation of internal controls, understanding and evaluation of systems and processes.

Since July, 2015 he is acting as an Independent Advisor to various corporates providing specialised services on capital structuring (within and outside India), FEMA and other corporate law matters. He is a regular speaker and presents papers on corporate law matters at events conducted by professional bodies.

Kailasam is a Fellow Member of the Institute of Company Secretaries of India and an Associate Member of the Institute of Cost & Management Accountants of India.

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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 Financial 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 &amp; Company Secretary

Subramaniam is an Associate Member of Institute of Company Secretaries of India (ICSI) & Chartered Institute of Management Accountants, UK (CIMA). 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

Rajeev 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.



## REPORT ON EXPLORATION ACTIVITIES

### A. 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-1).

Deccan Exploration Services Private Limited (DESPL), a wholly-owned subsidiary of Deccan Gold Mines Limited (DGML), explored an area of around 5000 sq km of the Dharwar-Shimoga Greenstone belt covered under 2 Reconnaissance Permit (RP) blocks and identified 22 gold prospects. 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-2).

DESPL submitted a total of Seven (7) Prospecting License (PL) and two (2) Mining Lease (ML) applications covering all the important prospects in the Dharwar-Shimoga basin. All these applications of DESPL are in compliance with the provisions of Section 10A introduced into the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR) amended in the year 2015.

#### (2) GANAJUR MAIN GOLD DEPOSIT (GANAJUR GOLD PROJECT):

A Mining Lease (ML) application covering the most important Ganajur Main Gold Deposit was approved by the Ministry of Mines, Government of India (MoM) on July 24, 2015 and further a clarificatory letter was issued by MoM on February 7, 2017 confirming that their prior approval was under Section 10A(2)(b) of MMDR and advising the Government of Karnataka to execute the Mining Lease and expedite clearances and approvals for starting the mining operations. Despite this and receipt of a positive opinion of the Law Department, Government of Karnataka on the Ganajur ML application subsequently in April 2018, DESPL still awaits the issue of Grant Notification Letter from the Commerce & Industries Department, Government of Karnataka (C & I).

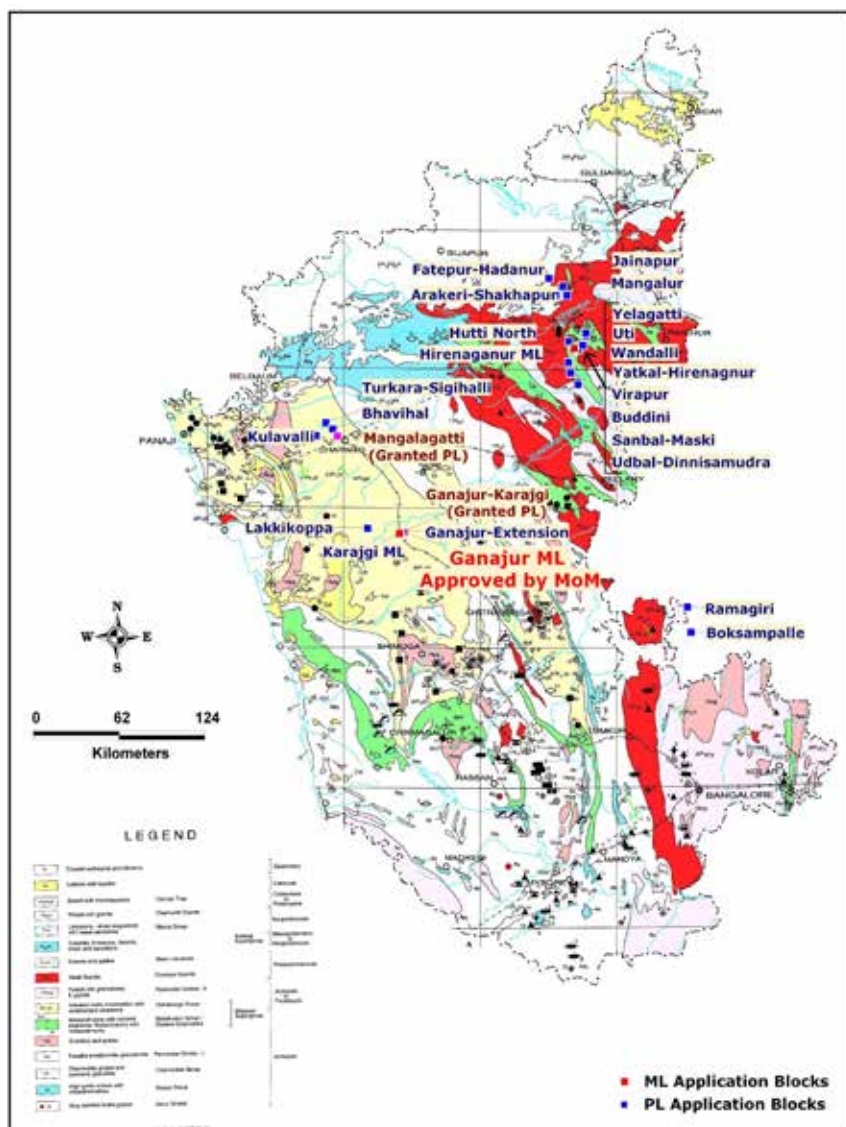


Fig-1: Geological map of Karnataka showing DESPL applications

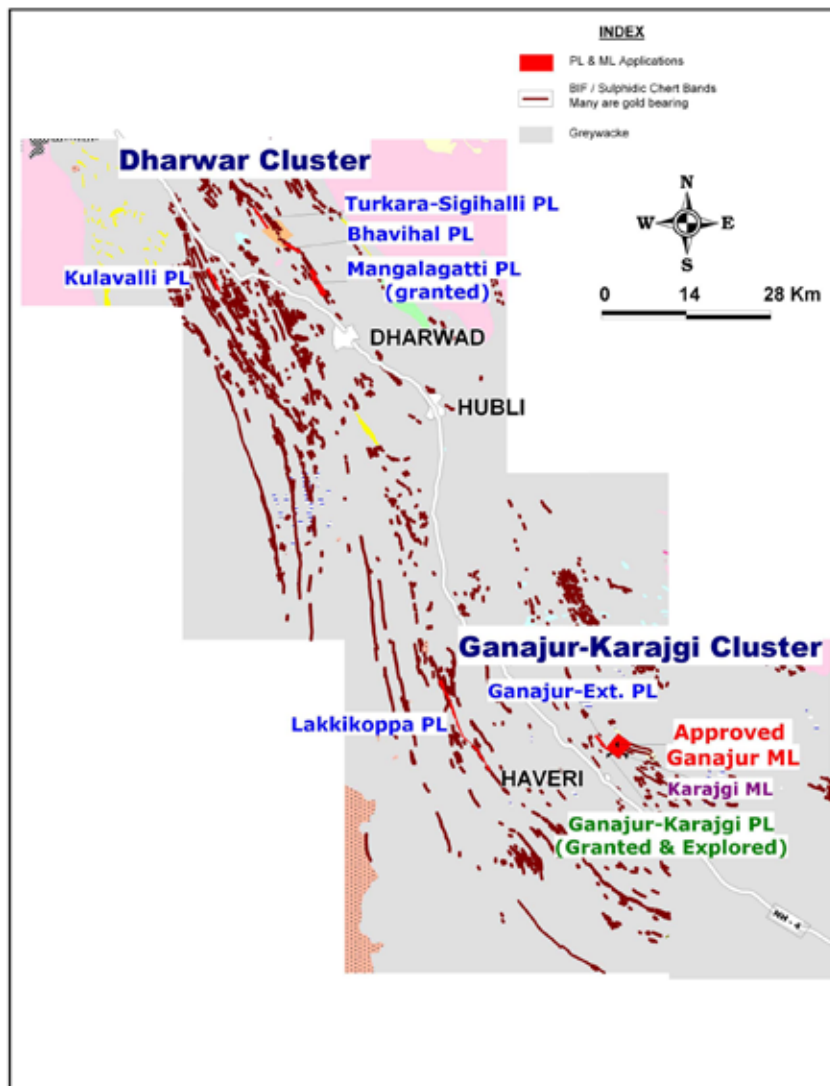
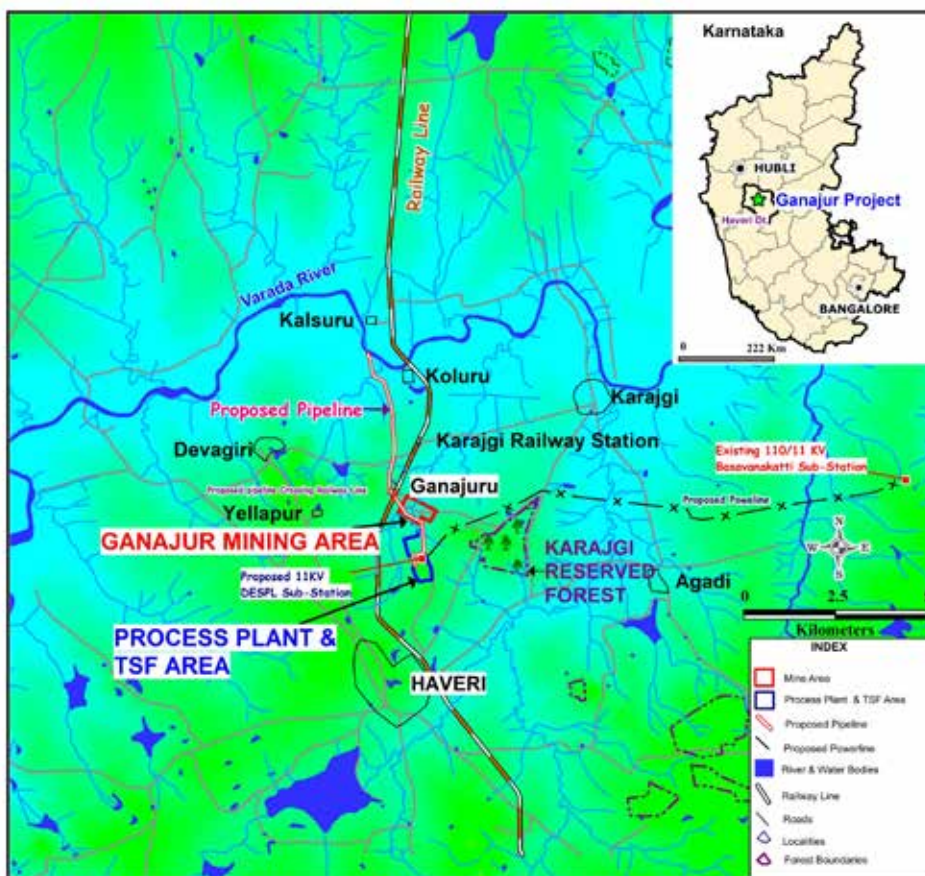


Fig-2:Dharwar -Shimoga Basin, Details of Leases/Applications

### (3) Feasibility Study – Ganajur Gold Project:

A definitive Feasibility Study(FS) was completed for the Ganajur Gold Project in 2017. The entire FS was carried out by internationally reputed Geological and Mining Consultant Snowden Mining Industry Consultants (Snowden) based in Perth.

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 .



**Fig-3: Ganajur Gold Project Location, Haveri Taluk & District, Karnataka.**

#### **(a) 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

## DECCAN GOLD MINES LIMITED

Whilst the full FS report has been uploaded on the DGML website ([www.deccangoldmines.com](http://www.deccangoldmines.com)), key outcomes of the same are summarized below:

### (b) 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-1) 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 1 - Mineral Resource estimate**

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

### (c) 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 sulphide sulphur 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.

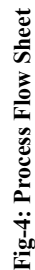
### (d) Ore Processing:

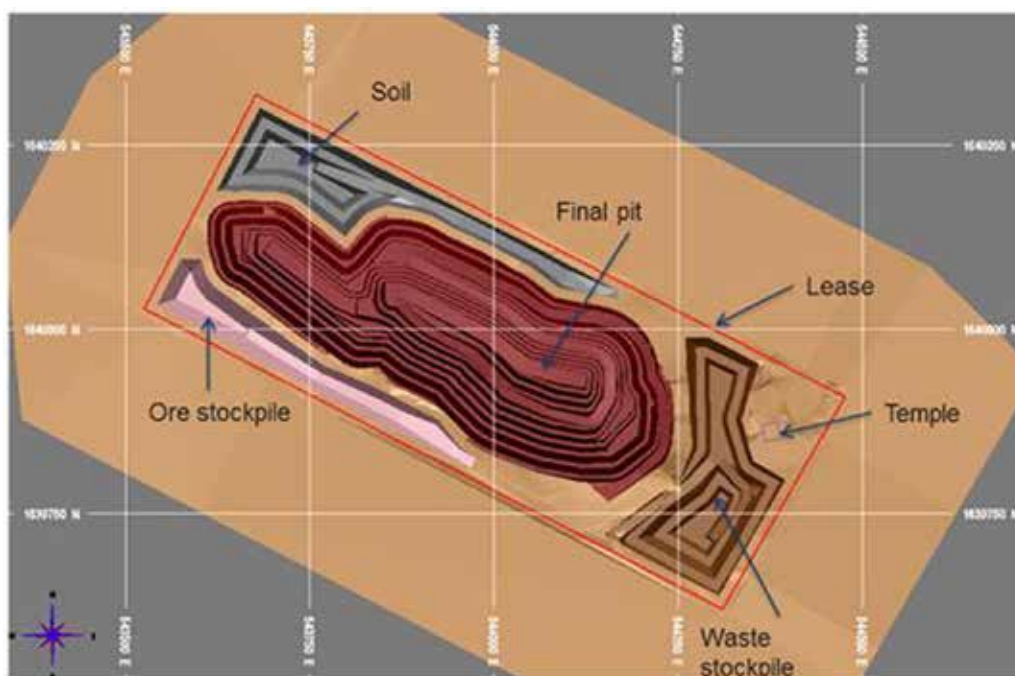
The FS metallurgical test work program focused on developing a gold recovery route on the predominant sulphide mineralization via a process flow sheet that involved flotation followed by the ultrafine grinding (UFG) and Carbon in Leach (CIL) on the sulphide concentrates. This flow sheet was assessed 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-4.

### (e) 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-5).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-5: Ganajur Gold Mining Lease Layout.**

## (f) 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-2).. 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.

**Table 2- 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
Total Ore Reserve		2.506	3.38

## (g) 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 3-6.

**Table 3- 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 4- 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 5 - 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

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**Table 6 - 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

### (h) 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 7).

**Table 7 – 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

### (i) Break Even:

A break even analysis after taxation was undertaken on the gold price and gold grade for NPV (Table 8). 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.

**Table 8 - Break even analysis**

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

### (j) 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-6). 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.



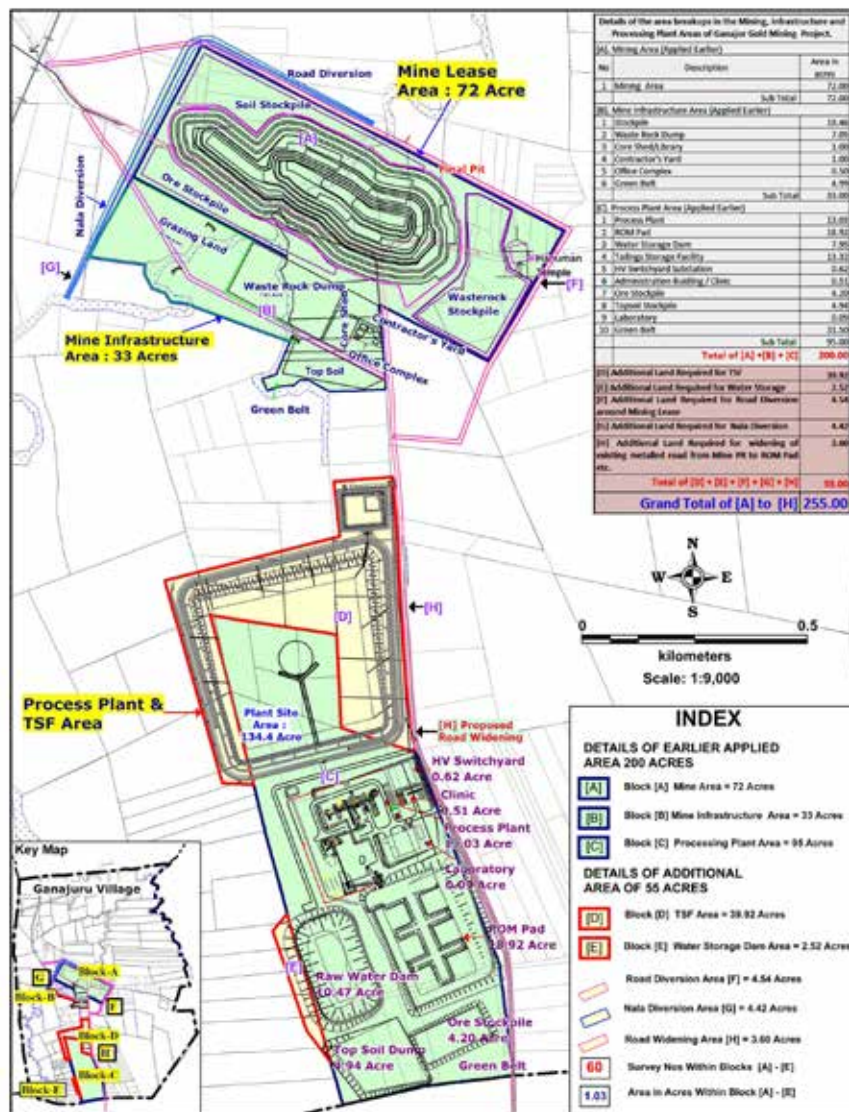


Fig-6 - Ganajur Gold Project- Plant, Mine Site & Land use Pattern Lay out

#### (4) INFRASTRUCTURE DEVELOPMENT - GANAJUR GOLD PROJECT:

##### (a) Land Acquisition:

The Government of Karnataka, vide its Order dated April 28, 2012 approved 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 KIADB Act, 1966 to the Commerce & Industries Department, Government of Karnataka for approval upon issuance of the Grant Notification for the Ganajur Gold Project.

As the Feasibility Study report recommended acquiring an additional 55 acres of land for the processing plant area and tailings storage facility and accordingly revised the land use pattern of the various facilities of the Project, it was estimated that a total of 255 acres of land will be required for the Project (Fig-6).

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Accordingly, DESPL's made an application for allotment and acquisition of additional area of 55 acres through KIADB was approved by the State Level Single Window Clearance Committee vide its Order No CI 146 SPI 2012 dated August 9, 2017. Subsequently, the application was forwarded to KIADB Davanagere for further action. KIADB obtained NOCs from Haveri Urban Development Authority (HUDA), Sub-Registrar Haveri, Tehsildar Haveri, Zilla Parishad for diversion of road. Based on these letters, KAIDB, Davanagere forwarded its recommendations to KIADB Bangalore on February 11, 2019.

The annual crop compensation was paid as in the past for the land owners of the ML area involving 72 acres. We have also paid annual crop compensation being the second year in a row 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).

### (b) 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-3). 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 Koluru-Kalasur barrage (Fig-7). The abandoned quarry near the process plant area will be part of the raw water storage facility.

DESPL has submitted a proposal to the Secretary, Water Resource Department, and Government of Karnataka in Bangalore for pumping around 1.08 million cubic meters (Mm<sup>3</sup>) 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 referred 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-Kalasuru barrage (Fig-7) for the processing plant.

The Chief Engineer also sought an opinion from interstate water dispute department (ISWD). ISWD has stated that DESPL requires 38.14 mcf (1.08mcm or 0.0381 TMC) out of 320 TMC of water available in Tungabhadra Sub-basin. They have added a condition that we treat the effluents as per CPCB norms before discharging the same into the stream.

However the Secretary, Irrigation department has also sought the opinion of Karnataka Niravari Nigam Limited (KNNL) and also Minor Irrigation Department, Government of Karnataka. Review of the proposal was made at different levels and finally Managing Director, KNNL forwarded his recommendations to the Secretary, Water Resources Department, Bangalore on February 22, 2018 for further action.

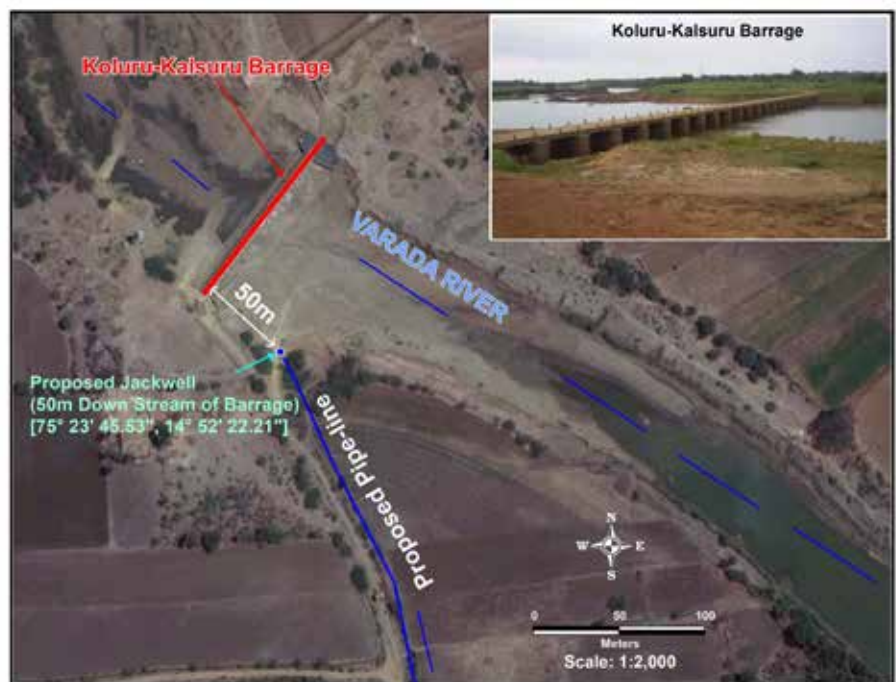


Fig-7, Koluru-Kalasuru Barrage

**(c) 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 February 1, 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.

- Preliminary survey and detailed survey was completed by our electrical contractors authorized by KPTCL.
- KPTCL approved the detailed survey report and detailed report on November 22, 2017 for laying the power line from Basavanakatti substation at a distance of 13.24 kms from the plant site. We also applied for allotment of a land within Basavanakatti Substation for the Terminal Bay. KPTCL in its also approved our application to spare land within the Basavanakatti Sub-station for construction of Terminal bay. Chief Engineer, Electricity, KPTCL, Bagalkot issued the approval letter on March 8, 2018.

**(d) Railways:**

DESPL filed an application with the Divisional Railway Manager, South Western Railway (SWR), Mysore for obtaining permission for laying a water pipe line below Bengaluru-Pune Broad Gauge line on SW railway near Ganajur village. This water pipe will be for drawing water from Varada River to the Project site (Fig-3).

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. 1.90 lakhs towards Way leave charges for 10 years. We have remitted the same on September 4, 2017.

We have now entered into an agreement with the South Western 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.

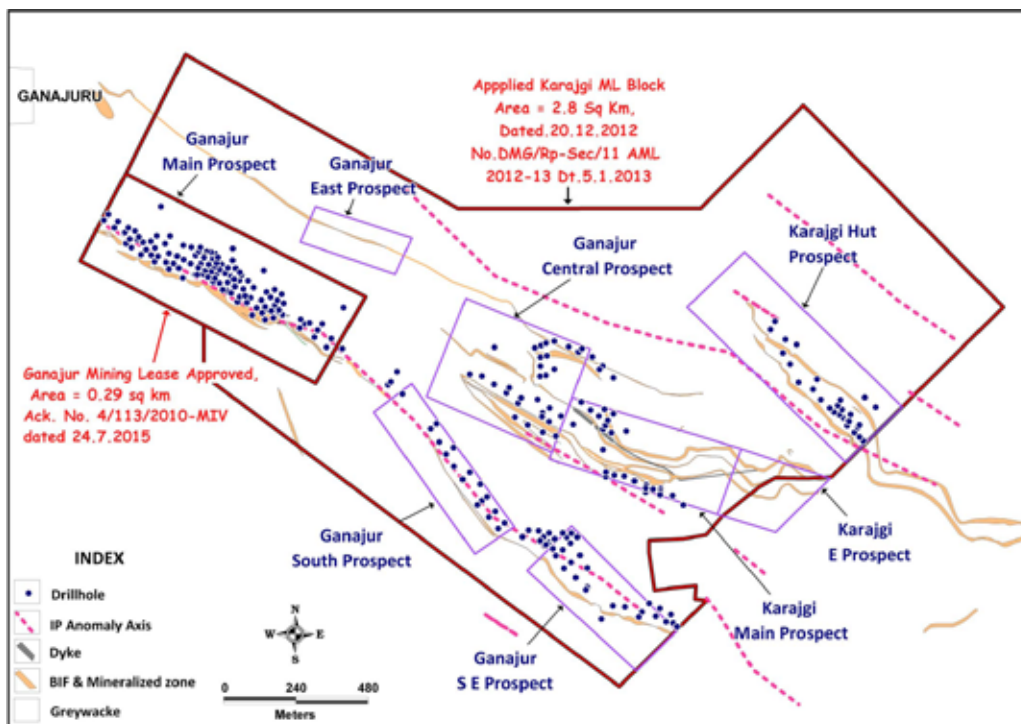
**(5) GANAJUR MAIN GOLD DEPOSIT & ITS SATELLITE PROSPECTS IN THE GANAJUR-KARAJGI CLUSTER:****(a) Background Information**

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 Prospects viz., Ganajur South East Prospect, Karajgi Hut Prospect, Karajgi Main Prospect, Ganajur South, Ganajur Central. However the details of these prospects are given hereunder.

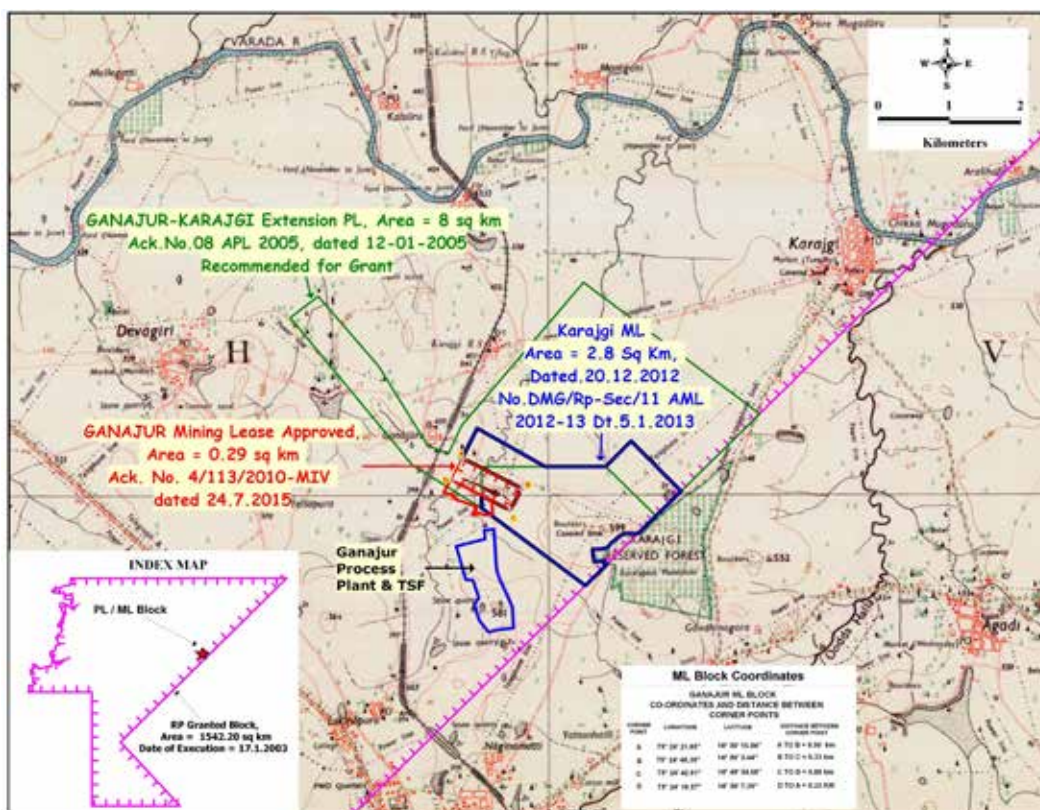
Ganajur Main Gold deposit was explored in detail and mineable ore reserves have been established as per JORC 2012 guidelines. However, it may be noted that Ganajur Deposit is part of the larger hydrothermal system that includes all other satellite prospects viz., Ganajur South East Prospect, Karajgi Hut Prospect, Karajgi Main Prospect, Ganajur South, Ganajur Central. A mineralized zone of 900 metres strike length has been defined upto a depth of 120 metres. However, 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

DESPL explored the Ganajur-Karajgi cluster 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 achievement 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-8). 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 also submitted another Prospecting Licence over an area of 8.0 sq.kms around the two ML applied areas(Fig.8 and 9).





**Fig-8 - Ganajur-Karajgi Cluster showing the satellite prospects**



**Fig-9: Ganajur-Karajgi Cluster showing the Ganajur M.L. and other lease applications.**

**(b) Summary of work carried out between 2009-16 in Ganajur-Karajgi Block**

The complete summary of the work carried out between years 2009 and 2016 in the Ganajur-Karajgi Block is given hereunder in Table-9:

**Table-9**  
**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

- As part of the environment impact assessment (EIA) and Environment Project Management (EMP) studies, regular monthly monitoring of ground water level survey is being carried out from September 27, 2016. 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.
- A total of 24 monitoring wells in and around the project area have been selected for understanding the seasonal fluctuations in ground water levels and its impact on the project. The month wise fluctuation in ground water levels in two of the monitoring wells are shown in Fig -10.
- Similarly chemical analysis of ground water was carried from 11 monitoring wells form different parameters for pre and post monsoon seasons.

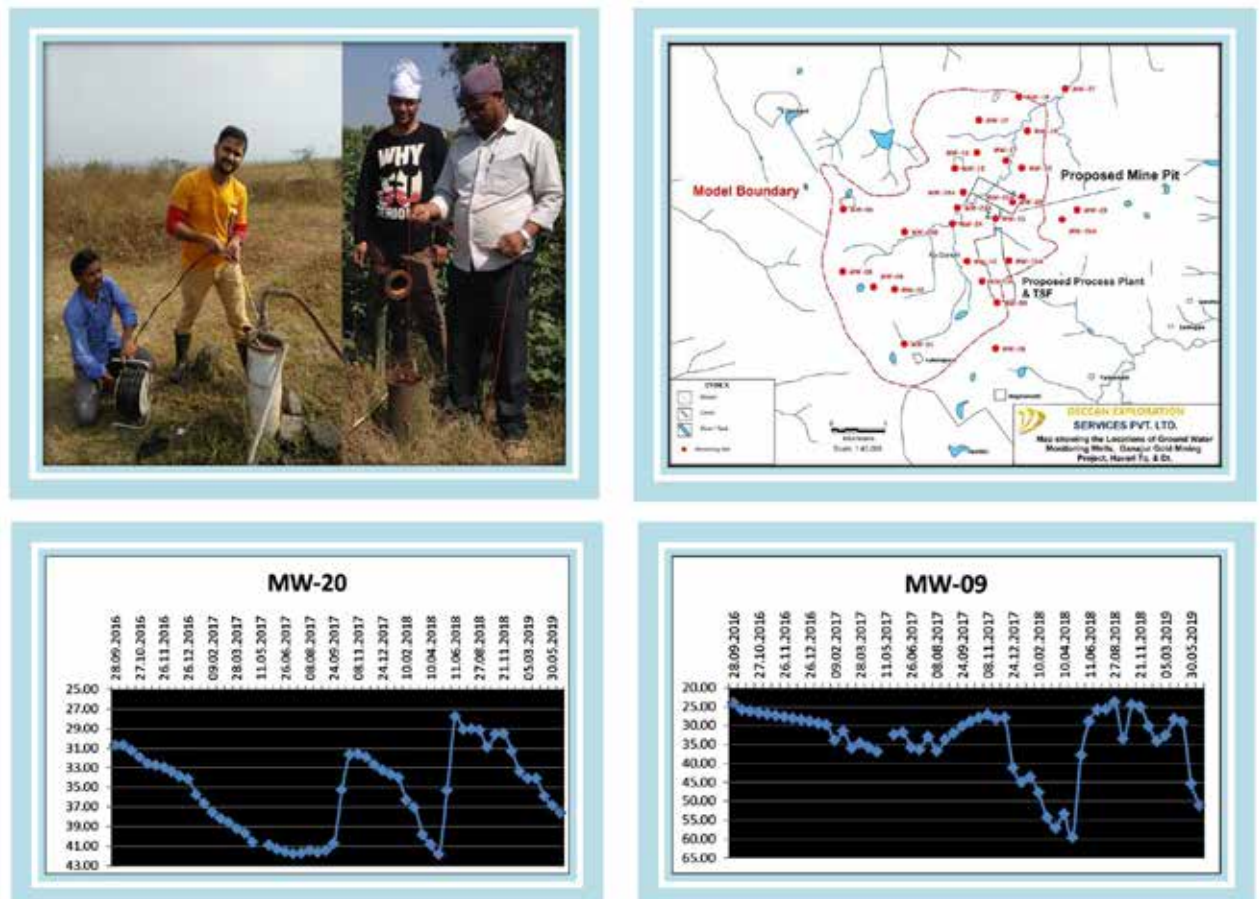


Fig.10. Ground water level models, sampling site and the collection of ground water level data.



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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 has been undertaken at IBM, Regional Mineral Processing laboratory, Bangalore. The details of the test work 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.

Some results received from IBM are summarized hereunder:

- About 82 Kg of gold ore core sample from Ganajur south east project Ganajur Haveri Taluk, Karnataka was given to, Karnataka at Regional Mineral Processing Laboratory, Indian Bureau of Mines, Bangalore.
- The IBM completed determination of Ball Mill work index on a gold ore samples from Ganajur SE prospect and it was found to be 12.60 Kwh/short ton.
- The head assay of sample assayed 3.55 ppm Au, 51.38% SiO<sub>2</sub>, 19.37 % Fe<sub>2</sub>O<sub>3</sub>, 6.28% Al<sub>2</sub>O<sub>3</sub>, 3.25% CaO, 3.16% MgO, 0.47% As, 1.18% S(T), 11.88 % LOI, 0.29% TiO<sub>2</sub>, 81.5 ppm Cu, 126 ppm Zn, 34 ppm Pb, 60 ppm Co, 124ppm Zn, Traces of Mn, and Ni
- Pre-concentration of gold values by froth flotation separation at minus 200 mesh size is found to be effective. The rougher float concentrates assayed 30.05 ppm Au with 93.1% Au recovery. Thus, by employing flotation technique at fine size it is possible to enrich gold values.
- Cyanidation on floatation concentrates at 200 mesh size yielded 24.65 ppm Au with recovery of 76.4 % Au.

### **(d) Karajgi Hut Prospect:**

The Karajgi Hut prospect is located around 600m NE of Karajgi Main prospect (Fig-12). Geological mapping during PL indicated presence of two parallel BIF bands with a cumulative strike length of 530 meters.

DESPL completed 816.80 m of diamond core drilling from 16 shallow drill holes and 351 metres of RC drilling.



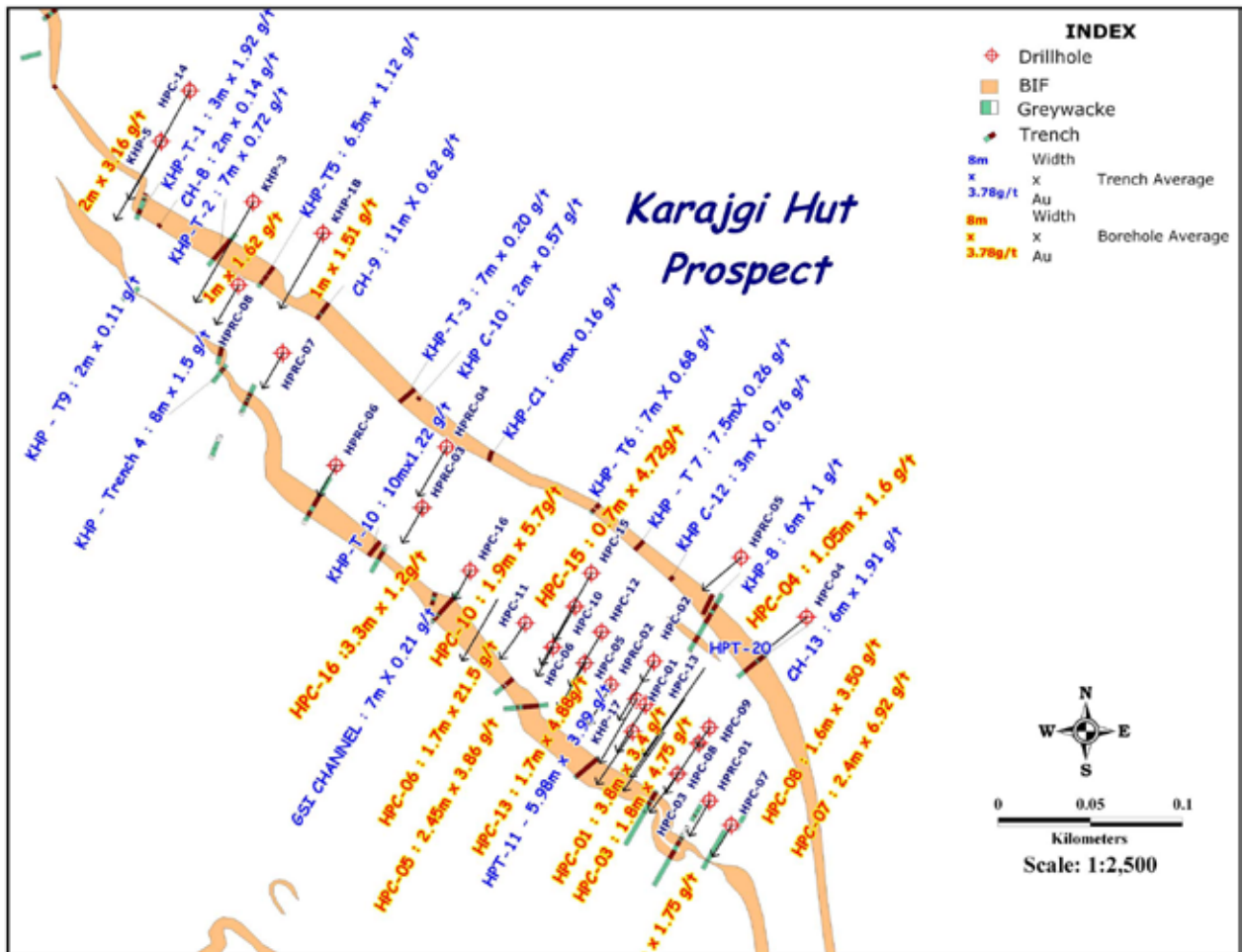


Fig-12, Geological Map of Karajgi Hut Prospect showing drill holes and Trench Locations.

Based on the drilling 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.

#### (e) Karajgi Main Prospect

Karajgi Main is located 1 km South East of Ganajur Main Prospect (Fig-13). 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.

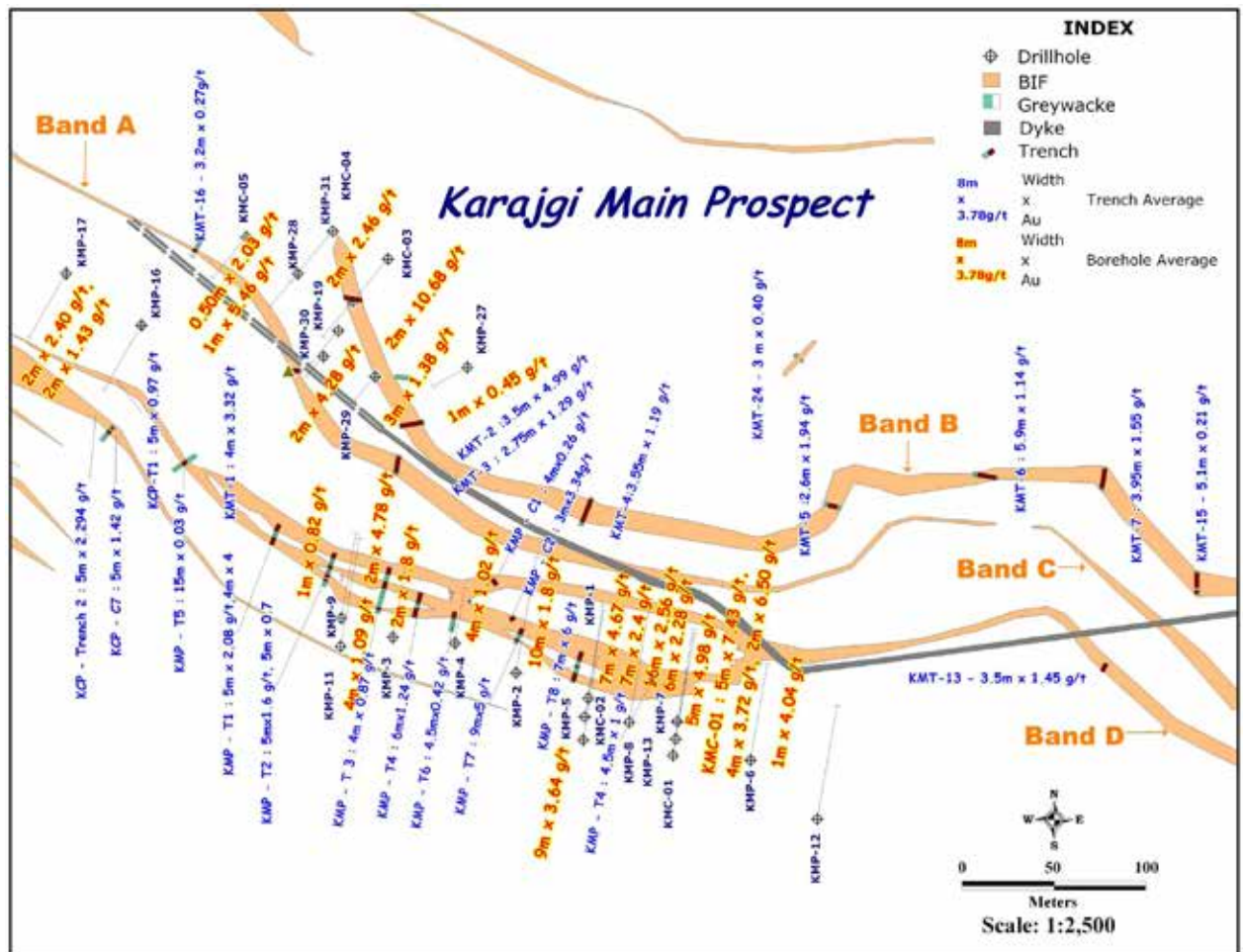


Fig-13, Geological map of Karajgi Main Prospect showing the drill hole locations.

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.

A total of 3 auriferous zones were defined trending northwest and dipping towards northeast (Fig-14). 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.

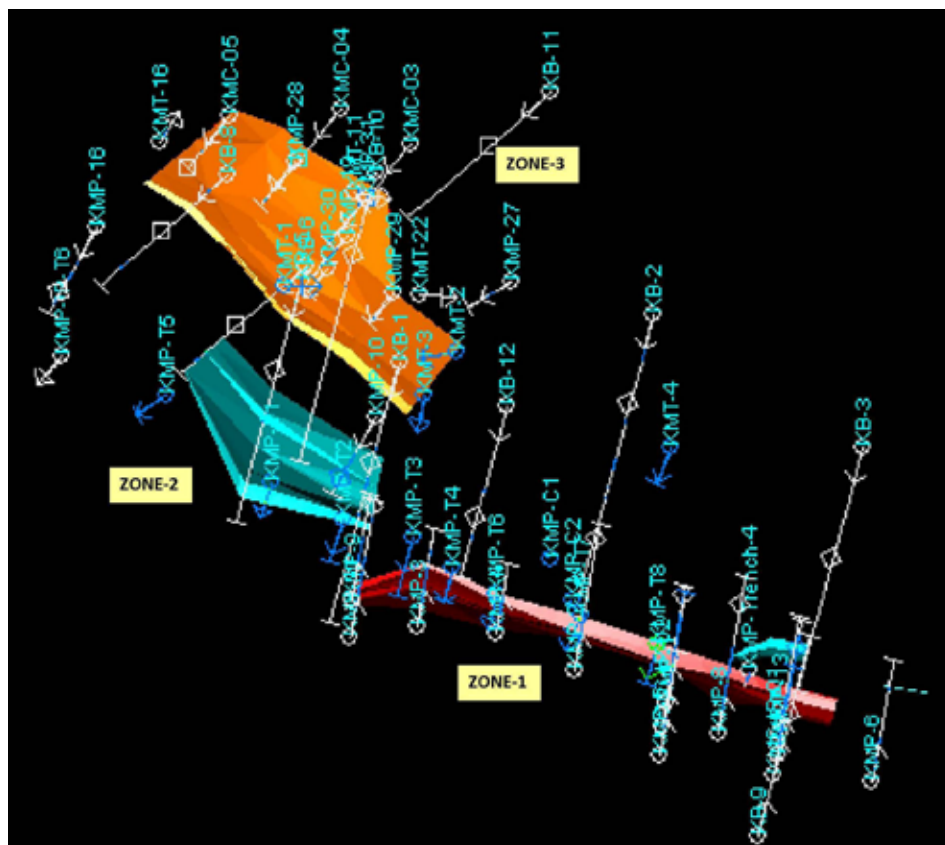


Fig-14, Plan View of the Karajgi Main Ore body

#### (f) Ganajur South Prospect

Ganajur South Prospect is located between Ganajur Main and Ganajur SE Prospect (Fig.8) . 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 analyzing 5.67 g/t Au over 2.5metres 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.

#### (g) 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-8 & 15) 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.

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 has also completed 1626 metres of drilling and the results are furnished in Table-10.

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Table-10: 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





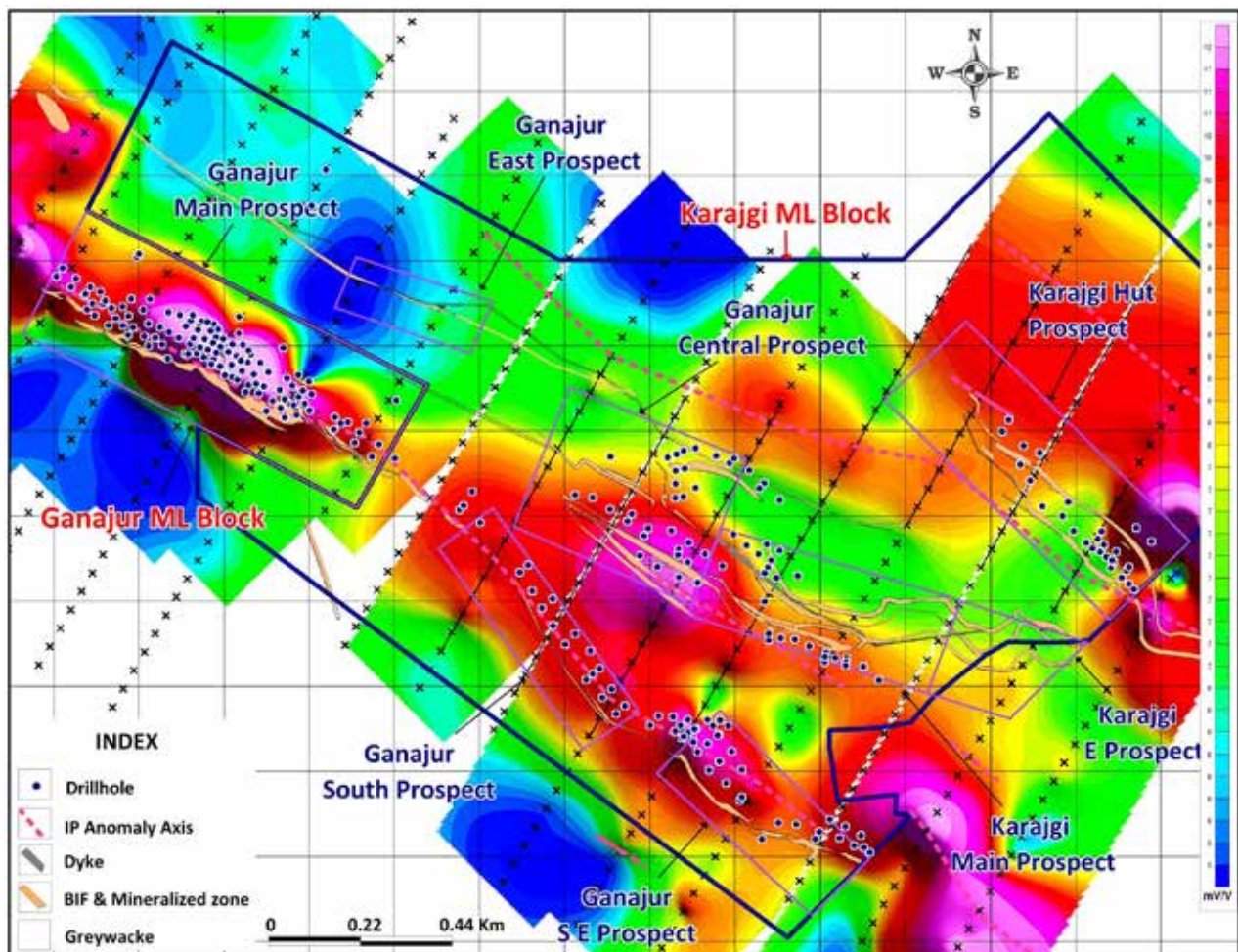


Figure-16. Geological map of Ganajur-Karajgi Cluster showing the IP anomalies and IP depth slice@50m-a50

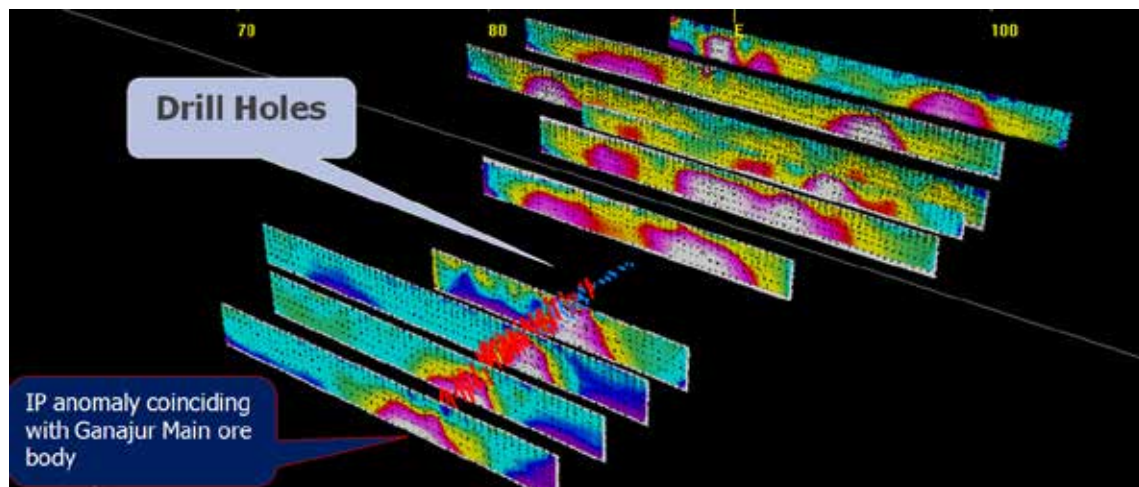


Figure-17. IP Inversion Model showing the IP Anomalies coinciding with Ganajur Main Ore body.

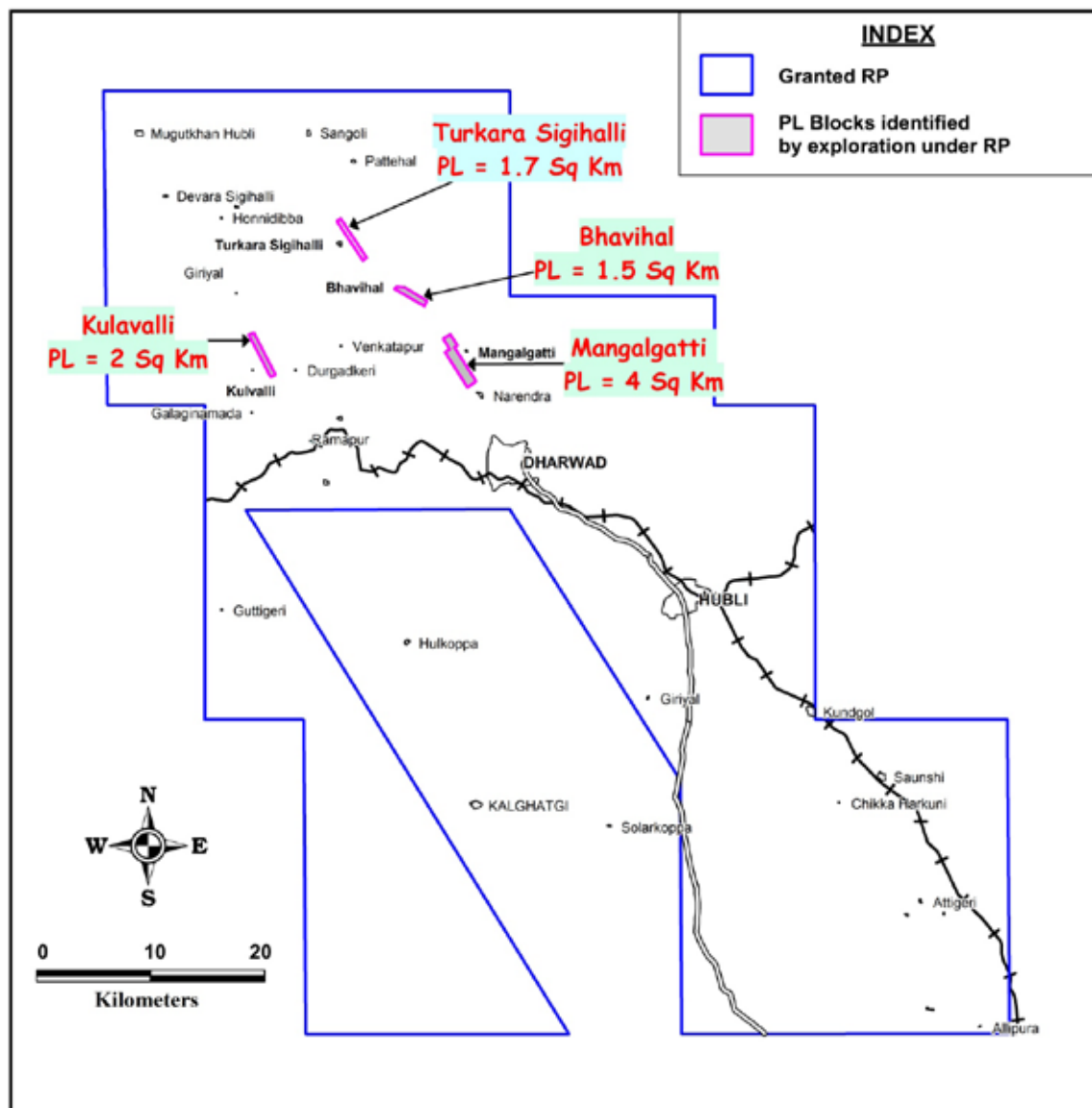


Fig-18, Map showing the Dharwar cluster of PL applications

## A. DHARWAR CLUSTER

### (1) Background Information

DESPL explored a total of 3450 sq.kms under Dharwar RP to identify gold bearing prospects. Mangalgatti 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-18). The Dharwar cluster comprises of Mangalgatti SE, Mangalgatti Main, East and Bhavihal, Kulavalli and Turkara-Sigehalli prospects. All these are considered as highly potential like the Ganajur-Karajgi cluster near Haveri.

### (2) Mangalgatti 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.



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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 mineralized 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-19).

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

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 mineralization with a strike length of more than 1.0 km. All these bands will be drill tested after the execution of the PL.

DESPL had filed an application for PL for Gold and associated minerals over an area 4 sq km covering the Mangalagatti Prospect in Dharwar District in November 2005.

The PL was subsequently approved by the MoM vide its letter No 4/33/2008-M.IV dated April 16, 2019. Based on the approval of the PL by the MoM, the C & I, Govt. of Karnataka issued the Notification granting the PL on October 11, 2012.

This PL is valid under Section 10A (2) (b) of the MMDR Act 1957 as amended in the year 2015, since the applied area was first discovered & explored under a RP by the Applicant Company-DESPL.

Due to the delay from DMG execution of the PL could not be done. However due to OUR continuous follow up, the DMG has completed the Internal checklist procedure and will be taken up for approval before a 3 member committee meeting comprising of GSI, DMG and IBM.

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



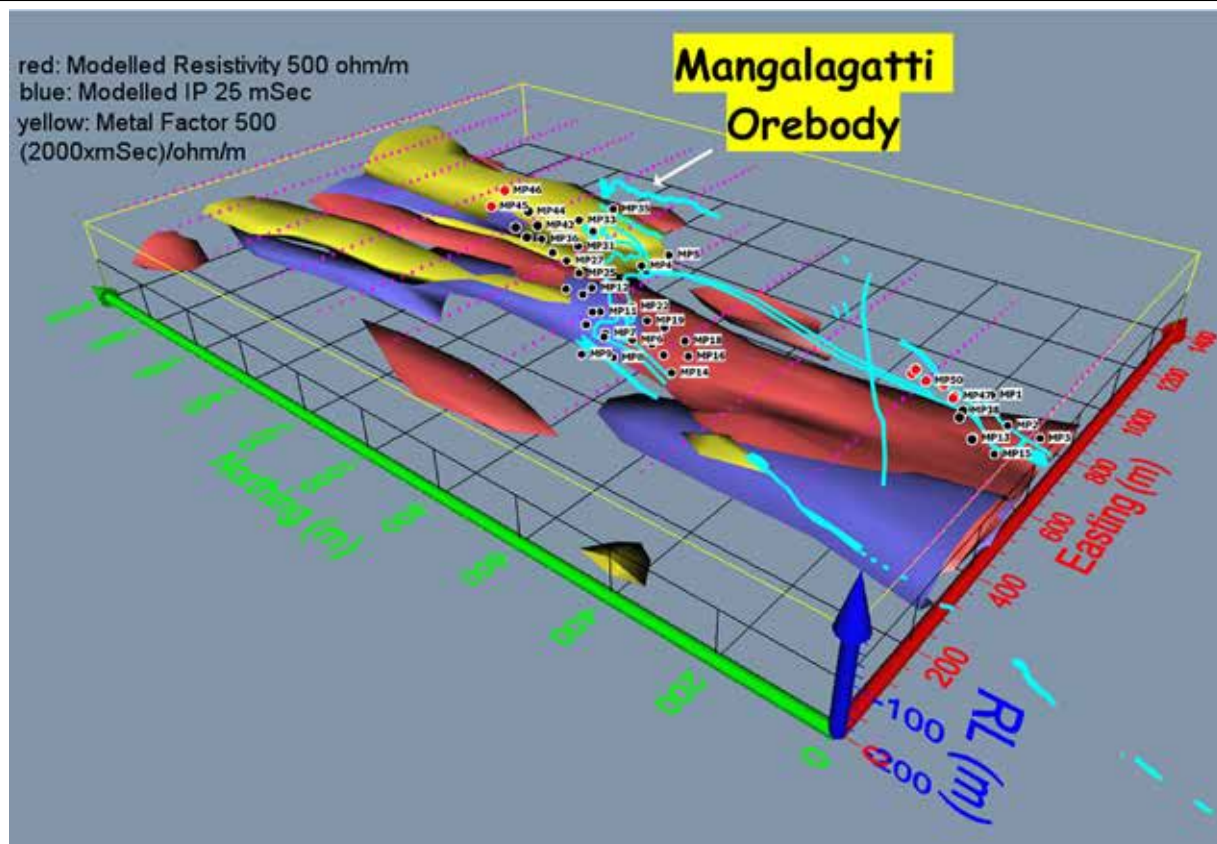


Fig-19, Mangalagatti 3D IP Geophysical Model

### (3) Bhavihal Prospect:

It is located at a distance of 8 kms NW of Mangalagatti prospect (Fig -18). Preliminary channel sampling followed by RC drilling during the RP tenure had clearly brought out surface expression of a wide ore body hosted in cherty BIF. The limited RC drilling was also intended to examine open pittable resource similar to Mangalagatti SE prospect. As a result of this preliminary investigation an area of 400 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.

## C. HUTTI-MASKI BELT PROJECTS

### (1) Background Information:

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. DGML has carried out exploration over an area 815 sq. km in the Hutti Belt, which has resulted in identifying 21 gold bearing blocks. A total of 12 prospecting licenses (PLs) applications covering the 21 gold targets have been filed with the Karnataka State Government (Fig.20). The highlights of the key prospects which were explored by DESPL during its RP tenure are presented in Table-11 and status of mineral concession applications (Post MMDR amendment Act 2015) as on August 19, 2016 is presented in Table-12 and Table-13 showing the status of mineral concession applications under agreements between DGML and GMSI {Geomysore Services (India) Pvt Ltd.,}

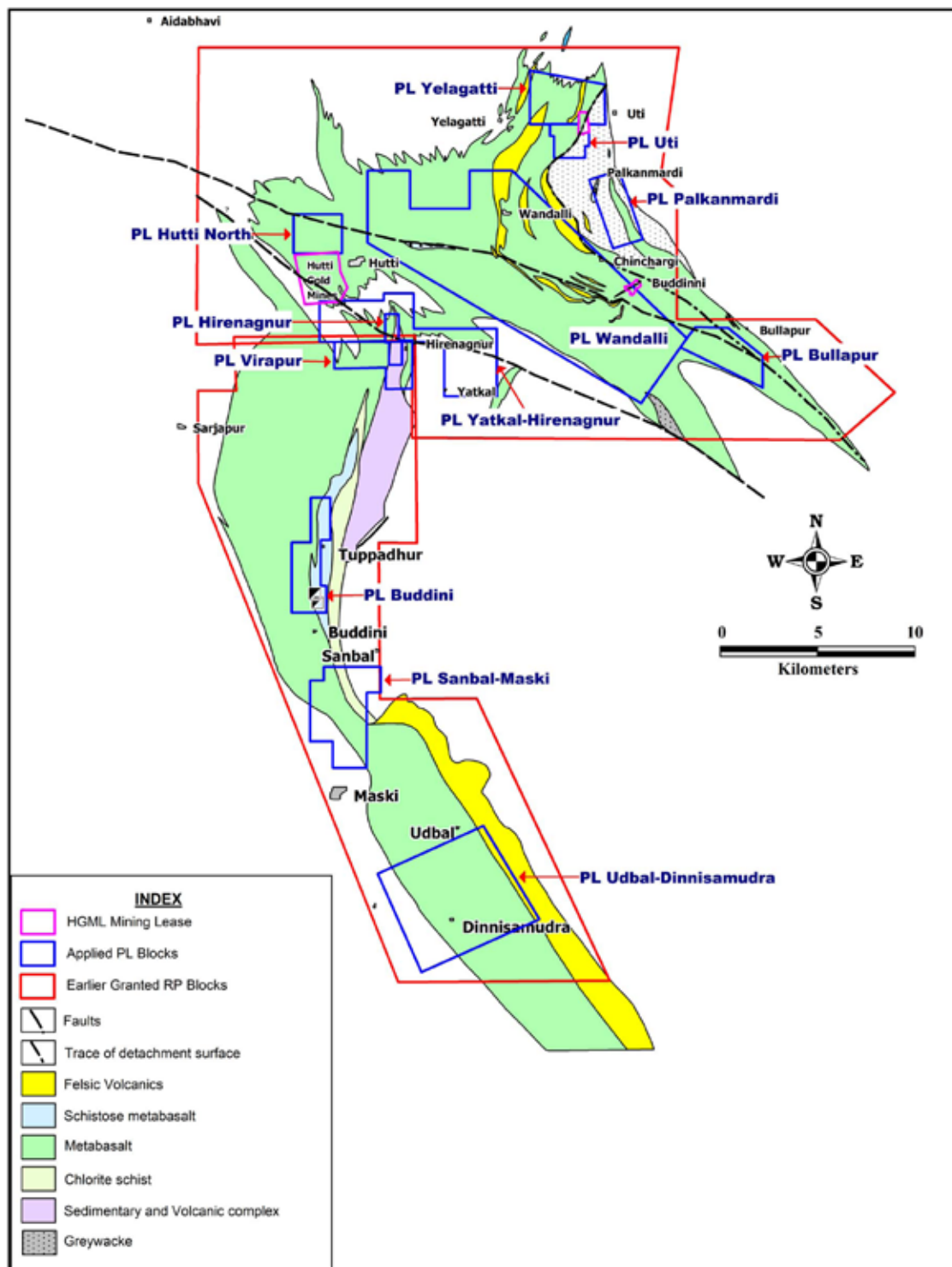


Fig-20: Geological map of Hutti-Maski Greenstone Belt showing DGML's key gold prospects and applied tenements

Due to delays in grant of PLs, we were 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-11:

**Table-11- 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	

## **(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-21). 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.

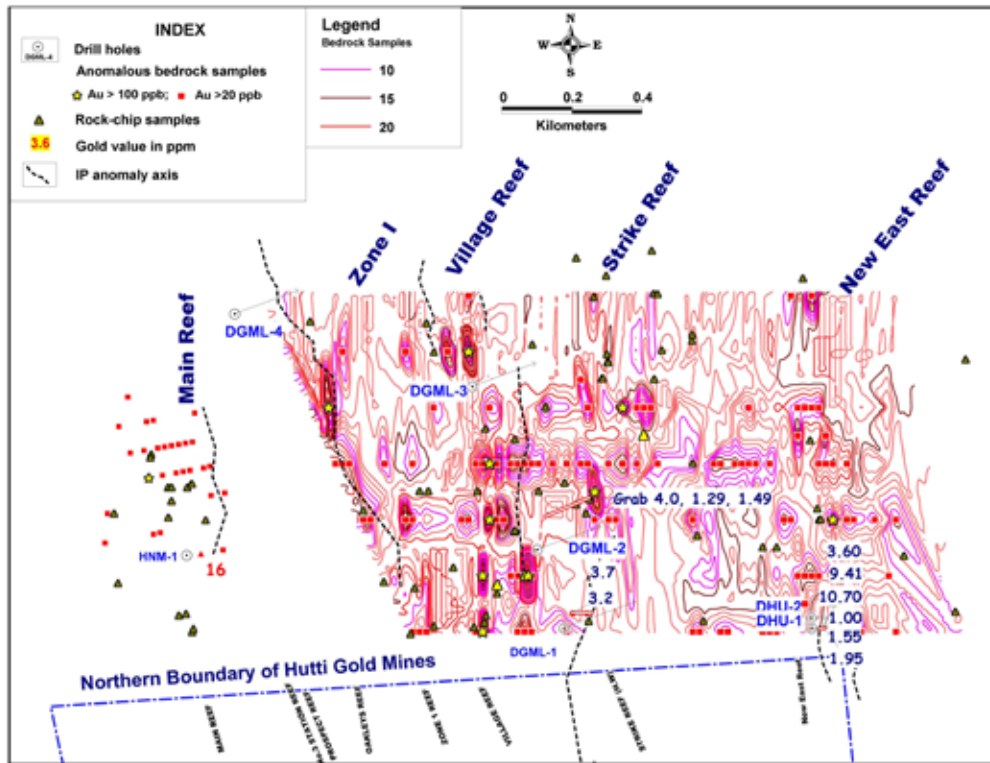


Fig-21-Hutti North Prospect showing the possible extensions of the gold Lodes

### (3) 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-22). 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

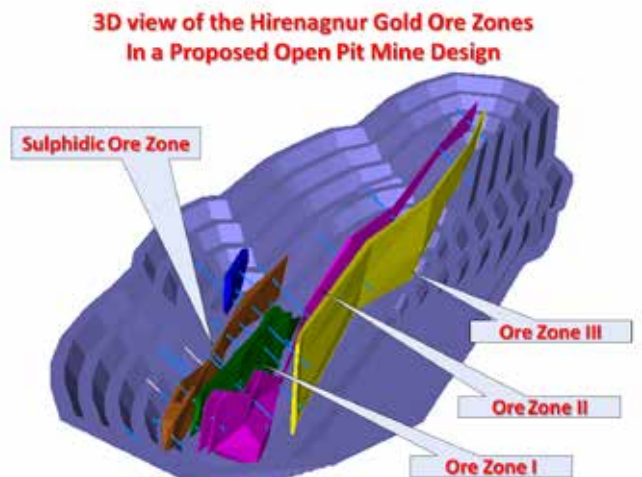


Fig. 22 - 3D view of the Hirenagnur Gold Ore Zones in a proposed open pit mine design

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.

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.

#### **(4) 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 20 m 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 3.5 km to the south west and also towards north. 609 m 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 5 m; a second lode yielded 1.34 to 1.72 g/t gold over 1 to 2 m width; one more intersection analyzing 3.49 g/t gold over 4 m was traced to yet another lode. Detailed drilling is called for to establish the full potential of the Uti south and North prospects (Fig-20). 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 1200 m long and 80 m wide.

#### **(5) Chincherga –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 Chincherga- Amareshwara lineament between Chincherga Prospect and Wandalli Prospect. Chincherga 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 Chincherga (Fig-20).

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 2 m 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 Chincherga 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 Chincherga Prospect.

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

#### **(6) Bullapur Prospect::**

In the course of geological traversing along the major structural discontinuity south east of Chincherga 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 (Fig-20).

#### **(7) Yatkan Prospect::**

Yatkan prospect is situated 10 kms south-east of Hutti (Fig-20). 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



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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.

### PROSPECTS IN SOUTH HUTTI BLOCK

The South Hutti RP block originally covered 315 sq km to the south of Hutti Gold Mines Limited.

During the RP tenure the following studies were carried out :

- Data compilation of all previous exploration and ancient mine sites
- Comprehensive stream geochemical sampling over the entire block.
- Auger sampling at Maski prospect.
- Bedrock geochemical sampling,
- Channel sampling and analysis
- Geological mapping

As a result several significant prospects have been identified. 4 Prospecting licences were submitted including a PL application of 14.7 km<sup>2</sup> covering Maski, Sanbal & Ashoka P and PL application of 8 Km<sup>2</sup> covering Buddini & Tuppadhur P (Fig-23).

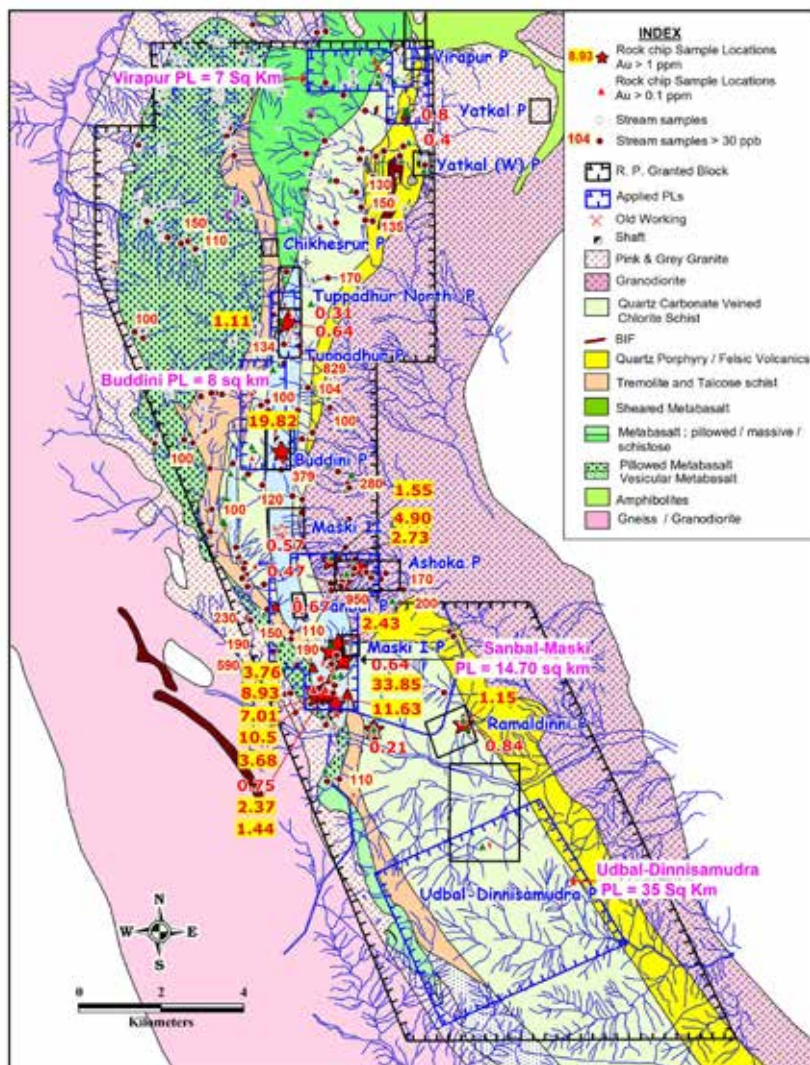


Fig-23, Geological Map of Hutti South RP Block showing the PL applications and Gold Prospects

### (8) Sanbal- Maski PL block ( 14.7 sq.kms).

This block includes important prospects like Maski gold fields, Sanbal prospect and Ashoka Prospect (Fig-24)

The Maski Goldfields at E and NE of Maski village, as described earlier, witnessed extensive ancient mining activity in the past. The ancient name of the present Maski village was SWARNANAGARI meaning gold town. Thirteen old workings were reported in this prospect in the early 1900s by the Hyderabad Geological Survey. M/S John Taylor and Sons developed one of these workings with a 35 m deep shaft, drove levels north and south and mined the ore of an average grade of 30 g/t gold. All these old workings are presently buried under black cotton soil.

Most of samples collected from old Maski Prospect returned significant gold values such as 0.52, 0.21, 0.56, 1.30, 33.86, 0.3, 2.43, 0.64, 2.37, 3.76, 0.59, 0.68, 11.64, 10.5, 7.01 g/t. Coupled with these encouraging results and reported ancient mining activity in this area, it was decided that the Maski area is an excellent target for immediate exploration.

An auger-bedrock sampling programme was undertaken which revealed five broad gold anomalies. The Maski prospect has all the signs of an important goldfield. Four long trenches were exposed in the Maski block 1 area over a cumulative length of 460 metres and 283 channel samples were collected. It revealed old workings and shear zones with gold values.

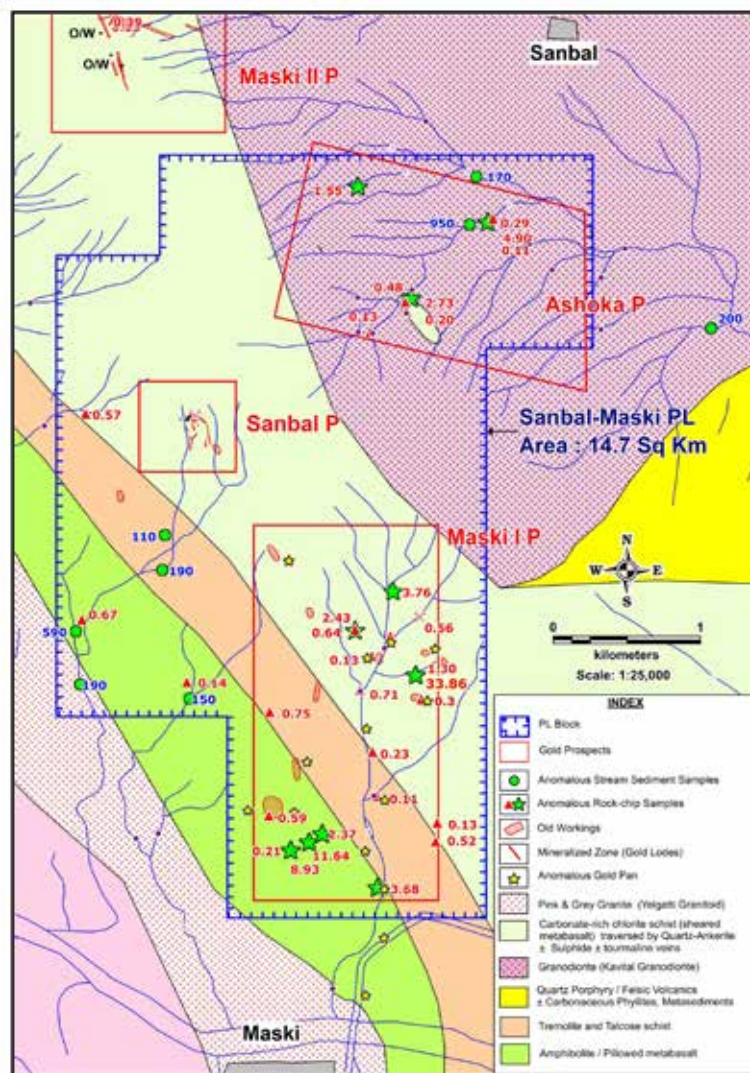


Fig-24, Geological map of Sanbal-Maski PL Block

### (9) Ashoka Prospect:

The Ashoka Prospect (named after the great Indian emperor whose inscriptions are seen near Maski town) (Fig-24) is a discovery of the Company. Several stream found to the east and South of Sanbal village showed anomalous Au values upto 950 ppb. Follow-up sampling and mapping was carried out to trace the source of this anomaly. Rock chip samples from the brecciated quartz-carbonate-haematite veins traversing fractured pink potassic granite analysed 1.5 to 4.9 g/t Au. A total of 18 samples were collected from this area.

Cu-Au mineralization was also noticed within pink granite, 4.0 kms SSW of Sanbal village. Samples from this zone analysed upto 0.5 g/t of Au and 0.63% Cu. A possible WNW trending Cu-Au mineralized system of 2.0 km is delineated.

### (10) Sanbal Mine Block:

Five sub-parallel zones of mineralisation have been identified in this prospect. Significant gold values were obtained from surface rock chip samples (Fig-24).



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### (11) Buddini PL Block(7.0 sq.kms)

Buddinni PL block comprises of the Buddinni mine prospect and Tuppadhur block (Fig-25).

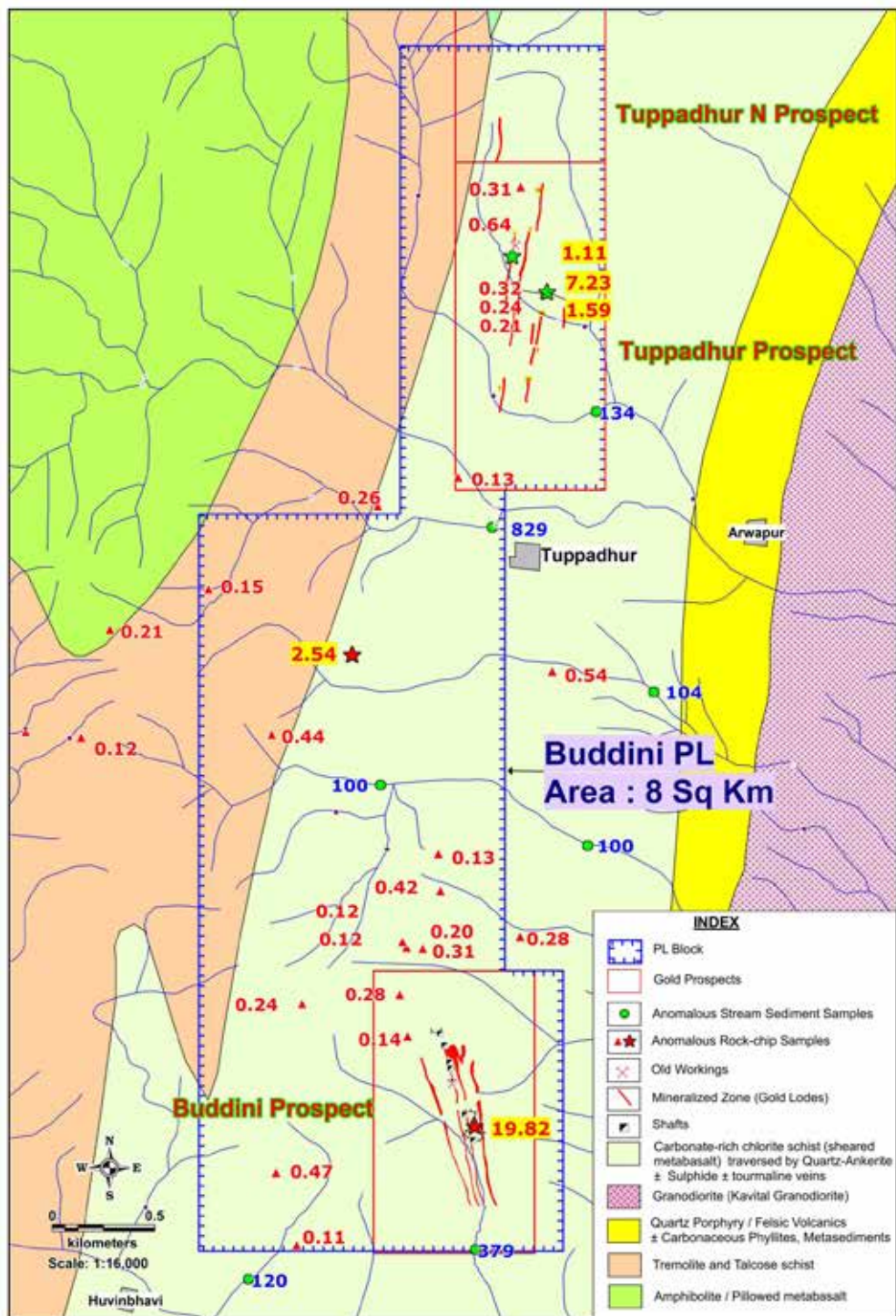


Fig-25, Map of Tuppadhur-Buddini PL Block



The gap area of 2.5 kms between Tuppadhur P and Buddinni P were explored under RP. Stream geochemical sampling revealed significant gold anomalies upto 829 ppb between Tuppadhur and Buddinni.

Gold mineralization is confined to the central shear zone and is generally found in quartz-ankerite veins with the wall rock showing intense chlorite and carbonate alteration.

At Buddinni, four parallel lodes have been identified. Extensive British time old workings occur along two of them – the Main and Mopla Lodes. Samples from mine dumps assayed up to 19.3 g/t gold.

A total of 77 rock chip samples were collected out of which 17 samples have analysed gold values between 0.2 to 19.82 g/t. Geological mapping and sampling brought out 3 mineralised zones with quartz have 100 to 300 metres strike length south of Tuppadhur prospect.

### **(12) Virapur PL Block (7.0 sq.kms):**

This block is located south of the Hirenagur prospect where significant gold mineralization was discovered by the company (Fig-20). We carried out detailed geological mapping in the Virapur block to trace the southern continuity of Hirenagur mineralization. Rock chip samples were collected that returned values in the range of 0.23 to 2.05 g/t Au.

Ground magnetic survey was carried out covering an area of 9.0 sq.kms (400 line kms). Hirenagur mineralization is associated with magnetite and pyrrhotite and responds positively to ground magnetic survey and shows high magnetic anomaly. Magnetic survey in the Virapur block has been successful in locating such high mag zones for nearly 2.5 kms that is correlated to be extension of Hirenagur mineralization.

An orientation bedrock geochemical sampling was carried out on profile 1787100 N covering the magnetic anomaly. A total of 17 samples were collected at 20 m interval. A subtle Au-As-Cu anomaly was noticed that is correlated to the Hirenagur mineralisation.

### **D. STATUS OF MINERAL CONCESSION APPLICATIONS:**

To know the status of mineral concession applications lodged by us, shareholders may kindly refer to 'Status of Mineral Concession Applications' forming part of this Annual Report.

Further, shareholders may also refer to the market updates made by the Company from time to time which can be accessed at [www.deccangoldmines.com](http://www.deccangoldmines.com).

## STATUS OF MINERAL CONCESSION APPLICATIONS

(POST MMDR AMENDMENT ACT, 2015)

(AS ON 31-07-2019)

### 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. D M G / R P - Sec/01-APL/2013, dt.3.4.2013	Preferential rights under Section 10A(2)(b) of MMDR Act, 1957 as amended in 2015. The Department of Mines & 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).
DGML. PL-12	Arakeri-Shakhapur	Yadgir	60	25.3.2013	No. D M G / R P - Sec/02-APL/2013, dt.3.4.2013	Preferential rights under Section 10A(2)(b) of MMDR Amendment Act, 1957 as amended in 2015. The 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).
DES.PL-10	Mangalagatti	Dharwar	4	11.1.2005	No.07 APL 2005, Dt. 17.1.2005 (CI 61 MMM 07 is Old file number) (CI 242 CMC 2015 dated 9.10.2015)	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. Preferential rights under Section 10A(2)(b) of MMDR Amendment Act, 1957 as amended in 2015.
						The 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 active consideration at the DMG.
DES.PL-6	Kulavalli	Belgaum	2	15.10.2004	No.127 APL 2004, Dt. 24.11.2004 CI 112 MMM 07	Preferential rights under Section 10A(2)(b) of MMDR Amendment Act, 1957 as amended in 2015.
						The 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.
DES.PL-9	Bhavihal	Dharwad	1.5	4.1.2005	No.02 APL 2005, Dt. 6.1.2005 CI 66 MMM 2010	Preferential rights under Section 10A(2)(b) of MMDR Amendment Act, 1957 as amended in 2015.

						The 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.
DES.PL-12	Lakkikoppa	Haveri	5	22.3.2005	No.85 APL 05, CI 64 MMM 2010	Preferential rights under Section 10A(2)(b) of MMDR Amendment Act,1957 as amended in 2015.
						The 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.
DES-PL-8	Turkara-Sigihalli	Belgaum	1.7	31.12.2004	No.181 APL 04/14744, dt.3.1.2005	Preferential rights under Section 10A(2)(b) of MMDR Amendment Act,1957 as amended in 2015.
						The 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.
DES.PL-11	Ganajuru Extension	Haveri	8	12.1.2005	No.08 APL 2005, Dt.17.1.2005 CI 218 MMM 06	Preferential rights under Section 10A(2)(b) of MMDR Amendment Act,1957 as amended in 2015.
DES.PL-1	Hutti North	Raichur	4.9	1.8.2003	No.24 APL 03, Dt.18.8.2003 CI 155 MMM 2004	The Revisional Authority, Ministry of Mines, Government of India vide its Order dated August 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
						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. Also see comments under DES PL-3.
DES.PL-3	Uti	Raichur	2.9	14.1.2004	No.06APL04/ 16815, Dt.16.1.2004	The Hon'ble Supreme Court vide its Judgment dated May 8, 2018 had set aside the Order passed by the Karnataka High Court dated April 3, 2012 and allowed our Civil Appeal. The Hon'ble Supreme Court had held that:

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						(1) The Karnataka High Court had 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) 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.
						(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.
						Post this, the Company management met the Director, DMG on several occasions and also submitted written requests on May 29, 2018 & August 31, 2018 seeking speedy processing of the Hutti Block PL applications.
						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.
						Since the pace of processing was slow, DESPL had filed an Interim Application before the Hon'ble Supreme seeking directions to the DMG and C & I, Government of Karnataka to process the Hutti Belt PL applications in an expeditious and time bound manner and in any case, not later than two months.
						The matter came up for hearing on April 26, 2019 and the Hon'ble High Court took cognisance of the purpose of filing the Interim Application and directed issue of notice (returnable in six weeks' time) to the Respondents viz., Government of Karnataka. After receipt of spare copies of documents from our Advocate on Record during July, 2019 (when the Court reopened after vacation), the Hon'ble Court listed the matter for hearing on November 13, 2019.
						Our Lawyers have now advised us that notices have been dispatched to the Government of Karnataka and upon completion of service of notice, they will approach the Hon'ble Court seeking an earlier hearing in the matter.
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 (72 acres)	8.6.2006	No.567 AML 06/3389 (CI 30 MMM 2010, dt. 8.11.2010 is old file No.) CI 199 CMC 2015 dated 7.8.2015	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. Since no positive action was forthcoming from the Government of Karnataka despite the approvals granted by the Central Government and positive opinions furnished by the IBM as well as Law Department, Government of Karnataka, DESPL filed a Writ of Mandamus during December, 2018 before the Hon'ble High Court of Karnataka seeking a positive direction to them to issue the Grant Notification Letter and subsequently execute the Mining Lease for the Ganajur Gold Project.
							The Hon'ble High Court of Karnataka vide its Order dated March 21, 2019 favourably disposed the Writ Petition with a direction to the Respondents viz., C & I and DMG to consider DESPL's representation dated July 16, 2018 (seeking issue of Grant Notification Letter for the Ganajur Gold Project) within an outer limit of 6 weeks from the date of receipt of the Order.
							A certified copy of the Court Order was received on April 15, 2019. As per the directions of the Hon'ble Court, we made a written representation dated May 3, 2019 and a reminder on June 3, 2019 to the C & I attaching a Certified Copy of the Court Order and our earlier representation dated July 16, 2018 seeking positive action in the matter within the 6 weeks time frame stipulated by the Hon'ble Court.
							Post this, the management had met the Secretary, C & I several times seeking early action in the matter in the light of Court Order.
							Since no positive action was forthcoming from the Government of Karnataka even after the expiry of the six week period, we had lodged a Contempt Petition against the Secretary, Commerce & Industries Department, Government of Karnataka on July 18, 2019 as advised by our Legal Counsel. The matter was posted before the Hon'ble High Court on July 23, 2019. After advising to settle certain office objections (procedural in nature), the Court directed that notice returnable in 2 weeks' be issued to the Secretary, C & I. Our Lawyers have advised that all office objections have been settled and notice has been served on the Secretary, C & I
							We are closely monitoring the developments and would update shareholders promptly.

## DECCAN GOLD MINES LIMITED

DES.ML-5	Karajgi	Haveri	Karnataka	2.8	20.12.2012	No.DMG/ Rp-Sec/11 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

## STATUS OF MINERAL CONCESSION APPLICATIONS

### UNDER AGREEMENTS BETWEEN DGML & 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	Mangaluru: 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 RP, PL (where applicable)	Present Status
PLs								
1.	GMSI-PL-8	47APL 03/13967 dated November 10, 2003	November 7, 2003	Jainapur	Gulbarga Karnataka	1.1	RP number 5 dated November 3, 2000 for Mangaluru	Approval of grant by MoM communicated to State Government vide letter no. 4/34/2008-M.IV dated September 16, 2009. Despite MoM approval, State Government has requested DMG for new NOC from District Commissioner. Since MoM has already granted the approval, DMG has not moved for obtaining a new NOC. Grant order awaited.
2.	GMSI-PL-7	46 APL 03/13966 dated November 10, 2003	November 07, 2003	Mangaluru	Gulbarga Karnataka	1.2	RP number 5 dated November 3, 2000 for Mangaluru	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.
								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.
								Currently application is pending at DMG, Bengaluru and DMG has not moved to obtain a new NOC as requested by State Government.
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-Dinni samudra	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.

## DECCAN GOLD MINES LIMITED

6	GMSI-PL-28		October 1, 2004	Virapur	Raichur	7	No.105 APL 2004/ 11545, Dt.18.10.04	-do-
7.	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,
8.	GMSI-PL-14	1903/PL/04 dated August 26, 2004	August 26, 2004	Boksam palle	Anantapur Andhra Pradesh	17	RP number 345/M1/2001 dated February 02, 2001 Ramagiri	Under consideration by the AP State Government,

<sup>1</sup> Vide an agreement dated May 22, 2003 between DGML and GMSI, it has been agreed that RP number 5 dated November 3, 2000), and any PLs/MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MMDR Act & Rules made there under.

<sup>2</sup> Vide an agreement dated May 22, 2003 between DGML and GMSI, it has been agreed that RP number 5 dated November 3, 2000, and any PLs/MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MMDR Act & Rules made there under.

<sup>3</sup> Vide an agreement dated May 22, 2003 between DGML and GMSI, it has been agreed that RP number 4 dated November 3, 2000, and any PLs/MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MMDR Act & Rules made there under.

<sup>4</sup> Vide an agreement dated May 22, 2003 between DGML and GMSI, it has been agreed that RP number 4 dated November 3, 2000, and any PLs/MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MMDR Act & Rules made there under.

<sup>5</sup> Vide an agreement dated May 22, 2003 between DGML and GMSI, it has been agreed that RP number 4 dated November 3, 2000, and any PLs/MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MMDR Act & Rules made there under.

<sup>6</sup> Vide an agreement dated May 22, 2003 between DGML and GMSI, it has been agreed that RP number 345/M1/2001 dated February 02, 2001, and any PLs/MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MMDR Act & Rules made there under.

<sup>7</sup> Vide an agreement dated May 22, 2003 between DGML and GMSI, it has been agreed that RP number 345/M1/2001 dated February 02, 2001, and any PLs/MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MMDR Act & 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 35th Annual Report to the Members of the Company together with the Audited Standalone and Consolidated Statement of Accounts for the year ended March 31, 2019. 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, 2019 are as under:

(₹ in '000)

Particular	For the financial year ended March 31, 2019	For the financial year ended March 31, 2018
Other Income	2,465	3,350
Total Expenses	26,513	27,315
Profit or Loss before Exceptional and Extraordinary items and Tax	(24,047)	(24,094)
Less: Exceptional Items	-	-
Extraordinary Items	-	(23,965)
Profit or Loss before Tax	(24,047)	(24,094)
Less: Current Tax		
Deferred Tax	-	
Profit or Loss After Tax	(24,047)	(24,094)
Other Comprehensive Income	(283)	129
Balance Transferred to Balance Sheet	(24,330)	(23,965)

#### 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 SUBSIDIARY:

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, 2019 is attached as Annexure 1 (Form AOC-1) 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. DECLARATION WITH REGARD TO FINANCIAL STATEMENTS:**

Financial Statements for the year ended March 31, 2019 are in accordance with the Indian Accounting Standards (IND-AS) notified by the Ministry of Corporate Affairs, Government of India which have already become applicable to the Company from the accounting period beginning on April 1, 2017.

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 WITH REGARD TO 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 WITH REGARD TO ORDERS PASSED BY REGULATORS / COURTS / TRIBUNALS:**

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:**

All contracts / arrangements / transactions entered into by the Company during the financial year with its wholly owned subsidiaries were in the ordinary course of business and at an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered as material related party transaction in accordance with the policy of the Company on related party transactions read with SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. The Policy on related party transactions as approved by the Board may be accessed on the Company's website [www.deccangoldmines.com](http://www.deccangoldmines.com).

Your Directors draw attention of the members to Note No. 20 of standalone financial statements which sets out disclosures on related parties and transactions entered into with the said parties.

### **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.

### **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 is required to be furnished in terms of provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014.

### **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:**

All the stock options issued under the DGML ESOP 2014 and DGML ESOP 2014 (Amended 2016) have since been exercised during the financial year 2017-18 and the Company does not have any Scheme of ESOP in force

during the year under review and hence no disclosure is required to be furnished.

**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 Companies Act, 2013 read with Rule 16(4) of Companies (Share Capital and Debenture) Rules, 2014. Hence disclosures pursuant to Section 67(3) of the Companies Act, 2013 are not required to be furnished.

**2. OUTLOOK AND OPPORTUNITIES:**

Details on the industry outlook, opportunities, risks and concerns have been provided under 'Management Discussion and Analysis' forming part of this Annual Report.

**3. MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

**a) Board of Directors and Key Management Personnel:**

Mr K R Krishnamurthy (DIN: 00556641) ceased to be a Director and Chairman of the Board of Directors consequent upon his resignation with effect from April 30, 2019. Further, Prof Vinod Kumar Gaur (DIN: 00611175) and Mr Kaushik Mukherjee (DIN:02315835) resigned as Directors with effect from May 21, 2019 and July 1, 2019 respectively.

The Board of Directors place on record their appreciation of the services rendered by Mr K R Krishnamurthy, Prof Vinod Kumar and Mr Kaushik Mukherjee during their tenure of Directorship on the Board of the Company.

Ms Pratima Ram (DIN: 03518633), an Independent Non-executive Director was appointed as Chairman of the Board of Directors with effect from May 1, 2019.

Dr Hanuma Prasad Modali, Director (DIN:01817724) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Further, Mr Natesan Chinnapan (DIN: 08415969) and Mr Kailasam Sundaram (DIN:07197319) were appointed as Additional Directors (Independent Non-executive) with effect from April 12, 2019 and August 8, 2019 respectively for a continuous period of two years, subject to approval of members at the ensuing Annual General Meeting (AGM).

Necessary notices under Section 160 of the Act proposing the candidature of Mr Natesan Chinnapan, Mr Kailasam Sundaram and Dr Hanuma Prasad Modali for the office of Director have been received from shareholder (s). Accordingly, appropriate resolutions have been included in the Notice convening the ensuing 35th AGM and your Directors recommend their appointment.

The tenure of Mr Sandeep Lakhwara (DIN: 01049978) as Managing Director of the Company ended on April 30, 2019. The Company's Board of Directors in the Meeting held on April 12, 2019 approved re-appointment of Mr Sandeep Lakhwara for a period of one year from May 1, 2019 to April 30, 2020 subject to approval by the shareholders in the forthcoming AGM. Your Board of Directors recommend the re-appointment of Mr Sandeep Lakhwara as Managing Director of the Company from May 1, 2019 to April 30, 2020.

**b) Declaration by Independent Directors:**

The Company has received declaration from all the Independent Directors under Section 149(6) of the Companies Act, 2013 as further amended by the Companies amendment Act, 2017 and Regulation 16(1)(b) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 confirming their independence vis-à-vis the Company and its management. There has been no change in the circumstances which may affect their status as Independent Director (s) during the year under review.

The Independent Directors have also confirmed that they are not aware of any circumstances or situation which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

**c) Company's Policy on Directors' appointment and remuneration:**

The Board has as per the recommendation of the Nomination and Remuneration Committee, framed a policy on selection and appointment of Directors and Senior Managerial personnel and their remuneration which was further amended by the Board vide their resolution dated March 31, 2019 in terms of the SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018. The details of said policy are given in the Corporate Governance Report which forms part of this Annual Report.

## 4. DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES:

### a) Board Meetings:

The Board of Directors met four (4) times during the year ended March 31, 2019 in accordance with the provisions of the Companies Act, 2013 and rules made there under. Detailed information on the Board Meetings is provided in the Corporate Governance Report which forms part of this Annual Report.

### b) Directors' 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, 2019 the Board of Directors hereby confirm that:

- 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, 2019 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) Board Committees:

There are three (3) Committees of the Board of Directors of the Company viz. Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee.

Detailed information on all the above Board Committees is provided in the Corporate Governance Report forming part of this Annual Report along with the details of extract from Nomination and Remuneration Policy of the Company with respect to remuneration of Executive Directors, Key Managerial Personnel and other senior employees of the Company.

Policies framed by the Committees / Board pursuant to the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are available on the Company's Website ([www.deccangoldmines.com](http://www.deccangoldmines.com)).

Disclosure in respect of composition, meeting held, attendance of members, terms of reference and other related matters in respect of the above Board Committees are furnished in the Corporate Governance Report forming part of this Annual Report.

### d) Policies and Procedures (Mechanism):

Vigil Mechanism Policy for Directors / Employees:

The Board of Directors of the Company have pursuant to the provisions of Section 178(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, framed a "Vigil Mechanism Policy" for Directors and employees of the Company to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any, financial statements and reports, etc.

The employees of the Company have the right to report their concern/grievance to the Chairman of the Audit Committee.

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

### 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, and define a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are considered in the annual/

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strategic business plans and in periodic management reviews.

**Corporate Social Responsibility:**

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

**e) Annual Evaluation of Directors, Board Committees 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 II.

**f) Internal control systems:**

Adequate internal control systems commensurate with the nature of the Company's business, size and complexity of its operations are in place and have been operating satisfactorily. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on 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 adequately protected.

**g) Disclosure under Section 197(12) of the Companies Act, 2013 and other disclosures as per Rule 5 of Companies (Appointment & Remuneration) Rules, 2014:**

The information required pursuant to Section 197 read with Rules 5(1) and 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 have been attached as Annexure III to this Report.

**h) 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.

**5. AUDITORS AND REPORTS:**

The matters related to Auditors and their Reports for the year ended March 31, 2019 are as under:

**a) Report of the Statutory Auditors on financial statements for the year ended March 31, 2019:**

The Report furnished by the Statutory Auditors on the financial statements of the Company for the year ended March 31, 2019 is free from any observations / qualifications.

**b) Secretarial Audit Report:**

Provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, mandates to obtain Secretarial Audit Report in Form MR-3 from a Practising Company Secretary. M/s. Rathi and Associates, Practising Company Secretaries, Mumbai had been appointed as Secretarial Auditors to issue Secretarial Audit Report for the financial year 2018-19.

The Secretarial Audit Report issued in Form MR-3 by M/s. Rathi Associates is attached and forms part to 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 Statutory 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) were appointed as the Statutory Auditors of the Company for a consecutive term of five (5) years at 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:**

Presently, the Company is 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.

**6. DISCLOSURES UNDER SECTION 134 OF COMPANIES ACT, 2013:**

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

## DECCAN GOLD MINES LIMITED

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**a) Extract of Annual Return:**

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, extract of Annual Return in the prescribed format for the financial year ended March 31, 2019 is uploaded on the website of the Company and the link for the same is <http://deccangoldmines.com/wp-content/uploads/2019/08/Extract-of-Annual-Return-2019.pdf>. Further, the Annual Return for the year ended 31 March 31, 2018 in Schedule-V which was filed with the Registrar of the Companies is also uploaded on the website of the Company and the link for the same is [http://deccangoldmines.com/wp-content/uploads/2019/08/DGML\\_Form\\_MGT-7\\_31.12.2018\\_11.01.2019\\_\\_1\\_.pdf](http://deccangoldmines.com/wp-content/uploads/2019/08/DGML_Form_MGT-7_31.12.2018_11.01.2019__1_.pdf).

**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 fact that the Company is yet to commence its manufacturing operations.

There was no foreign exchange earnings or outgo during the year under review.

**c) Remuneration payable by Companies having no profit or inadequate profit (in terms of Section II of Schedule V to the Companies Act, 2013):**

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

**d) Change in share capital:**

No equity shares were issued by the Company during the year under review and as such there was no change in capital structure of the Company.

**e) Disclosure under 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.

**7. ACKNOWLEDGMENT 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,

**Ms Pratima Ram**

Chairman

DIN: 03518633

Date: August 8, 2019

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](mailto:info@deccangoldmines.com)

Website: [www.deccangoldmines.com](http://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	440589
6	Total Assets	441811
7	Total Liabilities	1222
8	Investments	Nil
9	Turnover	Nil
10	Profit before taxation	(4870)
11	Provision for taxation	(207)
12	Profit after taxation	(4663)
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

**Ms Pratima Ram**

Chairman

DIN: 03518633

Date: August 8, 2019

Place: Bengaluru

## ANNEXURE II

### 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 February 5, 2019. 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

**Ms Pratima Ram**

Chairman

DIN: 03518633

Date: August 8, 2019

Place: Bengaluru

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**ANNEXURE III****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 2018-19 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 one year with effect from May 1, 2018 at a monthly remuneration of Rs. 700,000/- with the approval of the shareholders at their AGM held on December 20, 2018.

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 the 'Extract of Annual Return' available on the website of the Company and the link for the same is <http://deccangoldmines.com/wp-content/uploads/2019/08/Extract-of-Annual-Return-2019.pdf>

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 2018-19.

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.

For and on behalf of the Board

**Ms Pratima Ram**

Chairman

DIN: 03518633

Date: August 8, 2019

Place: Bengaluru

## DECCAN GOLD MINES LIMITED

### 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 one year with effect from May 1, 2018 with the approval of the shareholders at their AGM held on December 20, 2018
Qualifications and experience of the employee	B.Bus., CPA (Australia)
Date of commencement of employment	July 31, 2002
Age of such employee	64 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	1.33% (as on March 31, 2019)
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

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

**Ms Pratima Ram**

Chairman

DIN: 03518633

Date: August 8, 2019

Place: Bengaluru

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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 31STMARCH, 2019**

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, 2019, complied with the statutory provisions listed hereunder 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, 2019, 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.
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, 2018.
  - 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, 2018;
  - 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
  - vi. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

## DECCAN GOLD MINES LIMITED

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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.
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: August 8, 2019  
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, 2018;
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**  
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: August 8, 2019  
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.

### INDUSTRY REVIEW

As per the World Gold Council’s Report, 2017 on “GST’s impact on India’s gold market”, GST represents a radical step forward for India’s economy. It will boost the economy and make the gold industry more transparent to the benefit of gold buyers. This should support India’s gold demand, which is expected to touch 850-950 tonnes by 2020. (Source: *Indian Minerals Yearbook 2018, Part II: Metals & Alloys published by Indian Bureau of Mines – July, 2019*). Against this, it may be noted that India’s gold production averages just about 2 tons a year with demand not only being the highest in the world but also the fastest growing.

Some of the reasons that could be attributed to the low level of production of gold in India despite having a good geological potential are touched upon hereunder.

In 2017-18, India’s annual exploration expenditure was approximately USD 0.17 billion which was much smaller than a small country like Peru at USD 0.56 billion. Further, it was taxpayers’ money which was spent in India unlike resource-rich countries like Canada and Australia where the taxpayers’ money is not spent on such risky ventures.

Secondly, mineral taxation plays a key role in exploration as well as overall growth of the mining sector. The existing mineral taxation regime is not conducive to attract private /junior exploration companies to work in India. Mining industry in India is the highest taxed in the World with Effective Tax Rate as high as 64% of the profit for existing mines. Therefore, mineral taxation needs to be rationalized and brought at par with the mineral-rich countries so as to boost exploration, sustain mining as well as derive long-term benefits in terms of raw material security for the country.

Thirdly, the Central Government being the custodian of the MMDR Act and Rules, has to take the responsibility to see that the State Governments follow the legislation in true letter and spirit and adhere to time schedule in grant of mineral concessions by simplifying procedures. There is also an urgent need to simplify the process for forest and environment clearances both at State and Central Government’s level.

Fourthly, the concept of captive mines for an industry is typical to India and has not been able to unleash the full potential of mining in India. Since the area granted for captive leases is large, exploration activities are minimal and limited to the requirements of the mineral processing plant(s). There is no benefit to down-stream users of the products; inter-sectoral subsidy from mining sector (captive mine) is not passed on to them and hence no multiplier benefits. The concept of captive mine to an industry or plant should be discouraged and slowly done away with as it limits the growth of the mining industry. (Source: FIMI Workshop on “Exploration – key to resource development” – October, 2018)

### Recent policy initiatives - National Mineral Policy, 2019:

Recently, the Central Government approved the National Mineral Policy, 2019 (NMP) which aims to be a more effective, meaningful and implementable policy that brings in further transparency, better regulation and enforcement, balanced social and economic growth as well as sustainable mining practices.

## DECCAN GOLD MINES LIMITED

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Some of the provisions of NMP which are expected to give a boost to the mining and exploration sector are summarized hereunder:

- introduction of Right of First Refusal for Reconnaissance Permit (RP) / Prospecting Licence (PL) holders
- encouragement to private sector to take up exploration
- auction of virgin areas for composite RP cum PL cum ML on revenue share basis
- encouragement of merger and acquisition of mining entities
- transfer of mining leases and creation of dedicated mineral corridors to boost private sector mining areas
- grant of status of industry to mining activity to boost financing of mining for private sector and for acquisitions of mineral assets in other countries by private sector
- rationalisation of reserved areas given to PSUs which have not been used and to put these areas to auction, which will give more opportunity to private sector for participation
- harmonization of taxes, levies & royalty with global benchmarks to help private sector

National Mineral Policy 2019 replaces the extant National Mineral Policy 2008 ("NMP 2008") which was announced in year 2008. The impetus to review NMP 2008 came about by way of a direction from the Hon'ble Supreme Court vide its judgment dated August 2, 2017 in Writ Petition (Civil) No. 114/2014 entitled Common Cause v/s Union of India & Others.

Whilst we welcome the positive steps proposed in the NMP, we also hope that it will be implemented in right earnest.

### 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

Our interactions with the Government (at both Central and State level), particularly post the coming into effect of the MMDR Amendment Act, 2015 reveals a hesitation / reluctance to process the mineral concessions applications falling under Section 10A(2)(b) of the Mines and Minerals (Development & Regulation) Act, 1957 ("MMDR") which clearly protects the rights of existing concession holders and applicants. Further, there is also a mindset favouring auctioning of areas for mining under the provisions introduced in MMDR vide the MMDR Amendment Act, 2015.

Whilst things stand thus, the following provisions of MMDR are worth noting.

- Section 10A(2)(b) of MMDR protects the rights of existing concession holders and applicants in respect of mineral concession applications lodged before the commencement of the MMDR Amendment Act, 2015 w.e.f. January 12, 2015.
- Section 10B deals with 'Grant of Mining Lease in respect of notified minerals through auction'. **Sub-section (1) of Section 10B clearly states that The provision of this section shall not be applicable to cases covered by section 10A or section 17 A or to minerals specified in Part A or Part B of the First Schedule or to land in respect of which minerals do not vest in the Government.**

**A classic example to illustrate the case in point is the Ganajur Mining Lease (ML) application.** Our subsidiary, Deccan Exploration Services Private Limited (DESPL) lodged this ML application way back in 2006 after carrying out reconnaissance and prospecting operations under Reconnaissance Permit (RP) and Prospecting Licence (PL) granted to it.

We may highlight that DESPL's Ganajur ML application was recommended by the Government of Karnataka and has also received the Central Government approval under Section 10A(2)(b) of MMDR way back in 2015 followed

by a clarificatory letter in 2017 clearly directing the Government of Karnataka to get the ML executed in accordance with law at the earliest and to expedite the clearances & approvals for starting the mining operation. Further, the area covered under the Ganajur ML application cannot be put up for auction as Section 10B of MMDR clearly excludes the cases falling under Section 10A of MMDR.

The legal position being thus, DESPL still awaits the issue of Grant Notification Letter for its Ganajur Gold Project from the Government of Karnataka despite the said Government:

- a) having received prior approval from Ministry of Mines under Section 10A(2)(b) of MMDR during 2015 / 2017 to get the Mining Lease executed at the earliest and to expedite the clearances and approvals for starting mining operations;
- b) having received a positive opinion from its own Law Department, Government of Karnataka during April , 2018; and
- c) being served an Order dated March 21, 2019 passed by the Hon'ble High Court of Karnataka on the Writ of Mandamus filed by DESPL directing the Government of Karnataka to consider the Ganajur ML application within an outer limit of six weeks from the date of receipt of its Order. It may be noted that the six weeks' period ended recently and the Company is contemplating initiation of contempt proceedings.

Due to this delay, we are unable to make further progress in implementation of the gold project and suffering huge financial losses. We were originally planning to commence commercial gold production by the end of year 2019.

It may be noted encouragement to the gold exploration and mining industry would facilitate increase in production of gold within India helping reduce its dependency on gold imports and facilitating the Central Government's "Make in India" campaign. Further, it would also contribute to reduction in Current Account Deficit largely caused by outflow of funds to import gold.

To conclude, a clear directive from the Central Government (Ministry of Mines) to all the State Governments to act in accordance with law and process and issue the Grant Notification Letter / execute Mining Lease in respect of mineral concession applications protected under Section 10A (2)(b) of MMDR is what is urgently required. Our interactions with the Government (both at Central and State level) reveals that the matter is under the active consideration of NITI Aayog and a policy direction is in the offing.

## **OUTLOOK AND OPPORTUNITIES**

Historically, investors have purchased gold as a safe haven, hedge against economic failures, portfolio diversifier and store of wealth. India is a traditional and stable market for gold consumption. The present and future production of gold will not be sufficient to meet the ever increasing demand. Therefore, efforts will be required to reduce the gap between production and demand (*Source: Indian Minerals Yearbook 2018, Part II: Metals & Alloys published by Indian Bureau of Mines – July, 2019*).

Resources of deep-seated minerals such as gold for which India is dependent on imports at present have not been fully explored and their potential realized because of lack of finances and the latest techniques. Strategic minerals / metals as well as precious metals occur usually in very low concentrations (<1% and in parts per million) in rocks. It is difficult to discover them and much more difficult to define their resources. The success rate of discovery is 1 in 400 to 1 in 800 prospects.

Such precious / strategic minerals need to be explored with modern concepts and techniques, tools and dedicated softwares by well trained professionals for breakthrough requiring state-of-the-art technologies and heavy financial expenditure. To achieve this, private explorers popularly known as 'Junior Exploration Companies' who are specialists in exploration of a mineral or a group of minerals and who raise funds from Stock Exchanges / Venture Capital should be engaged on first-come-first-served (FCFS) basis to undertake detailed Greenfield exploration by providing all available baseline geosciences data and incentives like security of tenure; seamless transition from Reconnaissance Permit (RP) to Prospecting Licence (PL) to Mining Lease (ML) as well as freedom to sell / transfer the concessions.

It is our view that India should adopt FCFS system (at least in the case of deep-seated minerals like gold) which is prevalent in advanced and developing resource-rich countries. Whilst the regulations do vary between these

## **DECCAN GOLD MINES LIMITED**

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regions, the spirit of FCFS for mineral exploration where explorers have to commit minimum exploration expenditure remains similar and entrenched.

In its Strategy Paper published in November, 2011 the Ministry of Mines, Government of India has stated that the Indian minerals sector holds a huge potential for all stakeholders, including the Government, community and the entire economy. However, in order to unlock this potential and 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.

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 and the Company will play a leading role in this direction.

### **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, 2019

Your Directors are pleased to present the Companies Report on Corporate Governance in compliance with the Corporate Governance provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations 2015') and the Companies Act, 2013 as amended from time to time.

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

The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term. According to the Institute of Company Secretaries of India "Corporate Governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders."

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, 2019, 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 (as on March 31, 2019) are given below:

Name of the Director	Designation	Category of Directorship	No. of other Directorships	No. of other Committee Memberships #	
				Chairman	Member
Mr. K R Krishnamurthy upto April 30, 2019	Chairman	Independent, Non-Executive	1	Nil	Nil
Mr. Sandeep Lakhwara	Managing Director	Executive	Nil	Nil	Nil
Prof. V.K. Gaur upto May 21, 2019	Director	Non-Executive, Independent	Nil	Nil	Nil
Ms. Pratima Ram	Director	Non-Executive, Independent	10	Nil	3
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 upto July 31, 2019	Director	Non-executive, Non-Independent	Nil	Nil	Nil

#### # Notes:

- For the purpose of considering the limit of directorship positions, private companies and foreign companies have been excluded.
- For the purpose of considering the limit of committee membership positions, membership of only Audit Committee and Stakeholders Relationship Committee have been considered.
- There are no inter-se relationships amongst the directors.

## DECCAN GOLD MINES LIMITED

### 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, 2019 to April 30, 2020 and Dr Hanuma Prasad Modali who retires by rotation and being eligible offers himself for reappointment are furnished along with the Notice convening the Annual General Meeting (AGM). Further, detailed profile of Mr Natesan Chinnapan and Mr Kailasam Sundaram who are being proposed for appointment as Independent Director (s) for a period of 2 years from April 12, 2019 and August 8, 2019 respectively are also furnished in the Notice convening the AGM.

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

Four Board Meetings were held during the financial year 2018-19. These meetings were held on May 23, 2018; August 14, 2018; October 29, 2018 and February 5, 2019.

### 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 December 20, 2018 are as follows:

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

upto \* April 30, 2019

upto ^ May 21,2019

### Separate meeting of Independent Directors

A separate meeting of Independent Directors was held on February 5, 2019.

### 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. BOARD COMMITTEES

The Company has the following Committees of the Board of Directors:

- (a) Audit Committee
- (b) Nomination and Remuneration Committee
- (c) Stakeholders' Relationship Committee

The Board of the Company comprises qualified members with the required skills, competence and expertise for effective contribution to the Board and its Committee. The Board members are committed to ensure that the Company is in compliance with the highest standards of Corporate Governance

Core skills/ expertise/ competencies	Name of Director						
	Mr. Sandeep Lakhwara	Ms. Pratima Ram	Mr Govind Subhash Samant	Dr Modali Hanuma Prasad	Mr Kaushik Mukherjee	Mr. K.R. Krishna murthy	Prof. V.K. Gaur
Operations	✓	✓	✓	✓	✓	✓	✓
Finance	✓	✓			✓		
Legal					✓		
Compliance/ Corporate Governance	✓						
Business Development	✓		✓				
Information Technology	✓						

#### 4. AUDIT COMMITTEE

The Company's Board has constituted an Audit Committee pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).

##### a) Powers of the Audit Committee:

- To investigate any activity within the scope of this Charter or referred to it by the Board and for this purpose, shall have full access to information contained in the books of accounts and the Company's facilities and personnel.
- To seek information from and have direct access to any employee, key managerial personnel or director of the Company, to perform its duties effectively.
- To secure assistance and attendance of outsiders with relevant knowledge/expertise in accounting, legal or other matters, if it considers necessary.
- To engage independent counsel and other advisors as it deems appropriate to perform its duties and responsibilities.
- To engage a registered valuer taking into consideration such qualification and experience as may be considered appropriate in case of valuations required in respect of any property, stocks, shares, debentures, securities, goodwill, assets, liabilities or networth of a company.
- To determine the provision of appropriate funding by the Company for compensation to the Statutory auditors, other advisors/experts that the Committee chooses to engage and other ordinary administrative expenses of the Committee.

##### b) Role and responsibilities of the Audit Committee:

- Review of the Company's accounting policies, internal accounting controls, financial and risk management policies and such other matters as the Audit Committee deems appropriate.
- Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible. Review and discuss the audited financial statements with management and the Independent Auditors and determine whether they are complete and consistent with the information known to committee members; assess whether the financial statements reflect appropriate accounting principles.
- Recommend to the Board, the appointment, re-appointment, removal of the statutory auditors, fixation of audit fee and also approval for payment for any other services rendered by the Statutory Auditors.
- Reviewing with management the quarterly / half-yearly and annual financial statements before submission to the Board of Directors, focusing primarily on:

## DECCAN GOLD MINES LIMITED

- Any change in accounting policies and practices
  - Major accounting entries based on exercise of judgment by management
  - Qualifications in draft audit report
  - Significant adjustments arising out of audit
  - The going concern assumption
  - Compliance with accounting standards applicable to the Company
  - Any related party transactions i.e. transactions of the company of material nature with Promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
  - Reviewing before release of the financial statements audited or otherwise, the Director's Report, and such other matters which form part of the Annual Report of the Company.
- v) Discussing with the management and the Independent Auditor the following;
- Annual audited financial statements
  - Quarterly financial statements
  - Disclosures under "Management's Discussion and Analysis"
  - Results of Operations.
  - Financial statements/forms to be released or submitted to any legal or regulatory authority
- vi) Discuss and review with the management;
- Earnings' press releases.
  - financial information provided to analysts
  - Earnings' guidance provided to analysts and rating agencies.
  - policies with respect to risk assessment and risk management.
  - the major financial risk exposures and the steps management has taken to monitor and control such exposures
- vii) Reviewing;
- Major issues as to the adequacy of the company's internal controls and any special audit steps adopted in light of material control deficiencies
  - Analyses prepared by the management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements
  - Analyses of the effects of alternative GAAP methods on the financial statements
  - The effect of regulatory and accounting initiatives
  - Off-balance sheet structures on the financial statements

The Committee's Charter and Policy are available on our website on the following link:

[http://deccangoldmines.com/wp-content/uploads/2019/04/DGML\\_Audit-Committee-Charter\\_2019.pdf](http://deccangoldmines.com/wp-content/uploads/2019/04/DGML_Audit-Committee-Charter_2019.pdf)

### c) Composition of Audit Committee

As of March 31, 2019 the Committee comprised of 3 Independent Non Executive Directors. All the members of the Committee are financially literate. The Chairperson 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 **	Chairperson
Mr. K.R. Krishnamurthy*	Member
Prof Vinod Kumar Gaur^	Member

from \*\* May 1, 2019

upto \* April 30, 2019

upto ^ May 21,2019

**d) Meetings and attendance during the year**

Four meetings of the Audit Committee were held during the financial year 2018-19. These meetings were held on May 23, 2018; August 14, 2018; October 29, 2018 and February 5, 2019.

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

Name of Member	No. of Meetings Attended
Ms Pratima Ram	4
Mr K.R. Krishnamurthy	4
Prof V.K. Gaur	3

- e) 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.
- f) The Chairperson of the Audit Committee was present at the last Annual General Meeting held on December 20, 2018.
- g) The Board had accepted of all recommendation of Audit Committee.

**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 purpose of the Committee is:

- To assist the Board in discharging its responsibilities relating to compensation of the Company's directors and key managerial personnel;
- To evaluate and approve the adequacy of the compensation plans, policies, programs and succession plans for Company's executive directors and senior management (including recommending to the Board the appointment and removal of senior management);
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and for performance evaluation of independent directors on the Board;
- To oversee the Company's nomination process for the top level management and identify, screen and review individuals qualified to serve as executive directors, nonexecutive directors, independent directors and senior management consistent with criteria approved by the Board;
- To recommend appointment and removal of directors to the Board, for approval at the annual meeting of shareholders;
- To carry out evaluation of the performance of the Board;
- To develop leadership;
- To develop and maintain corporate governance policies applicable to the Company;
- To recommend to the Board a policy, relating to the remuneration of the Company's directors, key managerial personnel and other employees;
- To devise a policy on Board diversity.

**b) Composition, name of members and Chairperson**

As on March 31, 2019 the Committee comprised of Non Executive Independent Directors and details are as under:

## DECCAN GOLD MINES LIMITED

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

^ upto May 1, 2019

\*upto April 30, 2019

### c) Attendance during the year

The Nomination & Remuneration Committee once during the year on February 5, 2019 and the attendance details are as under:

Name of Member	No. of Meetings Attended
Prof Vinod Kumar Gaur*	Nil
Mr K.R. Krishnamurthy	1
Ms Pratima Ram	1

\*participated through telephone

### 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 2018-19 is as under:

Name of the Director / Member	Sitting Fees paid for attending meetings of (In Rs.)	
	Board	Audit Committee
Ms Pratima Ram	80000	20000
Mr K.R. Krishnamurthy*	80000	20000
Prof Vinod Kumar Gaur^	60000	15000
Mr Govind Subhash Samant	20000	-
Dr Modali Hanuma Prasad	80000	-
Mr Kaushik Mukherjee	80000	-
Total	400000	55000

\*upto April 30, 2019

^ upto May 21, 2019

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 2018 – 19 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.



The Committee's Charter and Policy are available on our website on the following link:

[http://deccangoldmines.com/wp-content/uploads/2019/04/DGML\\_Nomination-and-Remuneration-Committee-Charter\\_2019.pdf](http://deccangoldmines.com/wp-content/uploads/2019/04/DGML_Nomination-and-Remuneration-Committee-Charter_2019.pdf)

e) Performance evaluation criteria for independent directors (details are given in Annexure II of Directors' Report)

## **5. STAKEHOLDERS RELATIONSHIP COMMITTEE**

### **a) Chairman of the Committee**

Mr. K.R. Krishnamurthy, a Non-Executive Director heads the Committee upto 30th April 2019, the date of his resignation. Presently Dr Modali Hanuma Prasad, Independent Director is the Chairman of the Committee.

### **b) Objectives**

The primary objectives of this Committee are as under:

- Formulation of policies and procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from security holders from time to time;
- The main objective of the Committee is to consider and resolve the grievances and various aspects of interest of the security holders of the Company;
- To approve, register, refuse to register transfer / transmission of shares and other securities;
- To monitor and review any investor complaints received by the Company or through SEBI and SCORES and ensure its timely and speedy resolution, in consultation with the Company Secretary and Compliance officer and RTA of the Company.

### **c) Composition, meetings and attendance:**

The Committee has a Non-executive director as its Chairman.

The Committee met four times during the financial year 2018-19. These meetings were held on May 23, 2018; August 14, 2018; October 29, 2018 and February 5, 2019.

Details of attendance in meetings of the Committee held during the year are as under:

Name of Director	Designation	No. of Meetings Attended
Mr K.R. Krishnamurthy	Chairman	4
Mr Sandeep Lakhwara	Member	4
Ms Pratima Ram**	Member	2

\*\*ceased to be a Member w.e.f. August 14, 2018

### **b) Compliance Officer**

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

### **c) Shareholder Complaints**

During the financial year 2018 – 19, the Company received one investor complaint (non receipt of Annual Report) which was resolved. Apart from this, the Company promptly replies to the queries of shareholders on the operations of the Company that are received frequently through email to [info@deccangoldmines.com](mailto:info@deccangoldmines.com).

The Committee's Charter and Policy are available on our website on the following link:

[http://deccangoldmines.com/wp-content/uploads/2019/04/DGML\\_Stakeholders-Relationship-Committee-Charter\\_2019.pdf](http://deccangoldmines.com/wp-content/uploads/2019/04/DGML_Stakeholders-Relationship-Committee-Charter_2019.pdf)

## DECCAN GOLD MINES LIMITED

### 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
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, Mumbai Cricket Association Recreation Centre, RG-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051
2017-18	20/12/2018	2.30 pm	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
December 20, 2018	Reappointment of Mr Sandeep Lakhwara as Managing Director for a period of 1 year with effect from May 1, 2018

- (iii) During the financial year 2018-19, no resolutions were passed through Postal Ballot and no special resolution is proposed to be conducted through postal ballot.
- (iv) During the reporting period, no Extra-Ordinary General Meeting was convened.

### 7. DISCLOSURES

- a) The Company did not have any related party transactions, i.e. transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the Notes to Accounts in the financial statements as at March 31, 2019.
- b) There was no non-compliance in respect any matter related to the capital markets by the Company during the last 3 years. Further, there was no penalty / strictures imposed on the Company by any Stock Exchange, SEBI or any Statutory Authority on any matter related to the capital markets during the last 3 years.
- c) The Company has complied with all the mandatory requirements as contained in Regulation 17 to 27 and Regulation 46 (2) (b) to (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- d) There is no non compliance with any requirement of Corporate Governance Report.
- e) 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.
- f) The policy for determining 'material' subsidiaries is available at <http://deccangoldmines.com/wp-content/uploads/2018/11/Policy-on-Material-Subsidiaries.pdf>.
- g) The policy on dealing with related party transactions is available at <http://deccangoldmines.com/wp-content/uploads/2018/11/Independent-Directors-Familiarisation-Programme.pdf>
- h) 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.
- i) a certificate that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority has been obtained from the Company Secretary in Practice.

- j) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is a part during the financial year 2018-19 is Rs. 1.65 lakhs.
- h) The Company has formulated Policy in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Company had not received any complaint under the said Policy.
- k) Neither the Company nor its Registrar and Share Transfer Agents has any unclaimed equity shares which are not being claimed by its shareholders. Hence, the Company was not required to open any Demat Suspense Accounts or Unclaimed Suspense Account.

**8. MEANS OF COMMUNICATION**

- i. 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)).
- ii. The website of the Company ([www.deccangoldmines.com](http://www.deccangoldmines.com)) also displays official news releases issued on behalf of the Company.
- iii. On June 20, 2018 an Investors' Meet was held by the Company in Mumbai. Presentations made at the said Meet were uploaded and are available on the Company's website ([www.deccangoldmines.com](http://www.deccangoldmines.com)).

**9. GENERAL SHAREHOLDER INFORMATION**

- i. Annual General Meeting:

Day / Date	Thursday, September 19, 2019
Time	2.30 p.m.
Venue	Banquet Hall, 368/72 Sher E Punjab Colony, Mahakali Caves Road, Andheri East, Mumbai 400093, Maharashtra

- ii. 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, 2019 has been published by the Company upon approval of the Audit Committee and Board of Directors of the Company at their meeting (s) held on May 21, 2019.

The financial calendar would be as under:

Unaudited financial results for quarter/ year ending	Reporting Date (tentative)
June 30, 2019	By August 14, 2019
September 30, 2019	By November 14, 2019
December 31, 2018	By February 14, 2020
March 31, 2019	By May 30, 2020
Annual General Meeting for the year ending March 31, 2020	By September 30, 2020

**iii. Date of Book Closure**

September 12, 2019 (Thursday) to September 19, 2019 (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 for the financial year 2019-2020

## DECCAN GOLD MINES LIMITED

### vi. Stock Code

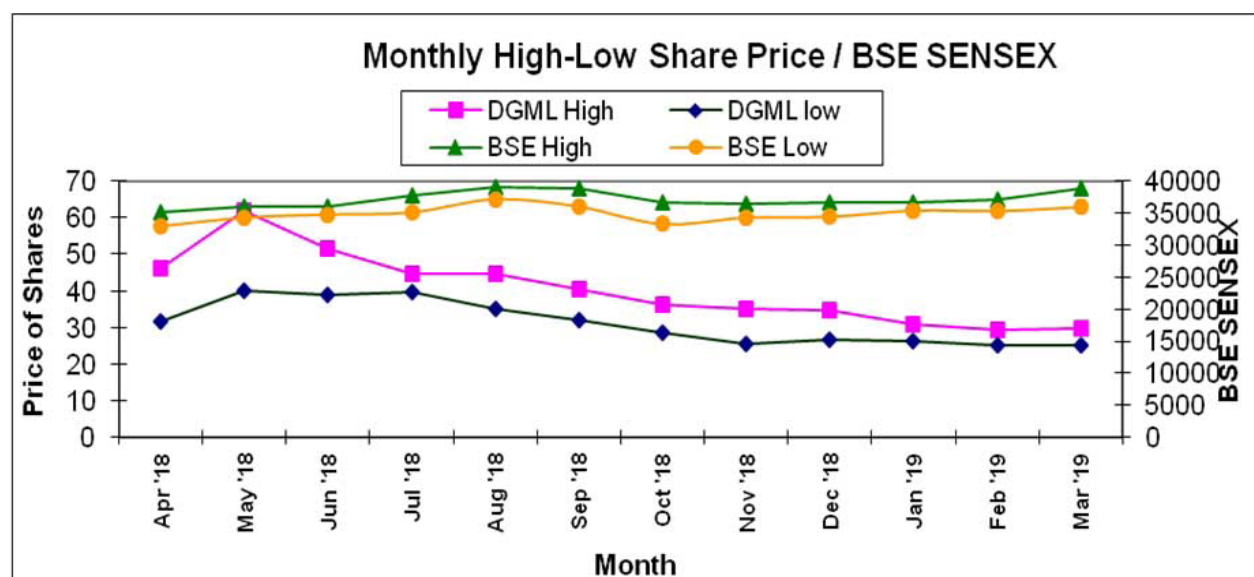
512068 (BSE)

### 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 & Year	Share Price of Deccan Gold Mines Limited on BSE				BSE SENSEX	
	Month's High (Rs.)	Month's Low (Rs.)	Month's Closing Price (Rs.)	Volume of shares traded (In no.)	Month's High (Index point)	Month's Low (Index point)
April 2018	46.00	31.65	45.30	28,88,689	35,213.30	32,972.56
May 2018	62.00	40.00	45.50	75,08,737	35,993.53	34,302.89
June 2018	51.45	38.75	41.50	13,75,574	35,877.41	34,784.68
July 2018	44.60	39.55	40.55	7,53,839	37,644.59	35,106.57
August 2018	44.70	35.00	36.80	15,21,645	38,989.65	37,128.99
September 2018	40.45	32.00	32.70	12,55,435	38,934.35	35,985.63
October 2018	36.30	28.60	32.10	8,70,740	36,616.64	33,291.58
November 2018	34.95	25.50	30.65	6,17,494	36,389.22	34,303.38
December 2018	34.60	26.65	30.50	16,10,022	36,554.99	34,426.29
January 2019	30.70	26.10	27.15	9,08,239	36,701.03	35,375.51
February 2019	29.50	25.00	27.15	6,09,655	37,172.18	35,287.16
March 2019	29.70	25.05	27.10	16,80,635	38,748.54	35,926.94

### 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 & Distribution of Shareholding****(a) Shareholding Pattern (as at March 31, 2019)**

Sr. No.	Category	No. of Shares held	%
1	Promoter Group	25097868	26.89
2	Foreign Portfolio Investors (Corporate)	4478319	4.80
3	Foreign Nationals	87694	0.09
4	Bodies Corporate	4328955	4.64
5	NBFCs registered with RBI	42078	0.04
6	Non-nationalised banks	108000	0.12
7	Public	43324507	46.42
8	Non Resident Indians (Repatriable)	6256031	6.70
9	Non Resident Indians (Non-Repatriable)	1947363	2.09
10	Hindu Undivided Family	2375661	2.55
11	Clearing Members	574844	0.62
12	Directors / Relatives	4706055	5.04
	<b>Total</b>	<b>93327375</b>	<b>100.00</b>

**(b) Distribution of Shareholding (as at March 31, 2019)**

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Shares	% of Total
1 - 500	14325	67.61	2658360	2.85
501 - 1000	2637	12.45	2247021	2.41
1001 - 2000	1651	7.79	2581915	2.77
2001 - 3000	656	3.10	1688095	1.81
3001 - 4000	307	1.45	1107745	1.19
4001 - 5000	291	1.37	1381464	1.48
5001 - 10000	598	2.82	4539286	4.86
10001 and above	723	3.41	77123489	82.64
<b>TOTAL</b>	<b>21188</b>	<b>100.00</b>	<b>93327375</b>	<b>100.00</b>

## DECCAN GOLD MINES LIMITED

### xii. Dematerialisation of Shares and Liquidity

About 99.86% of the shares have been dematerialized as on March 31, 2019. 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, 2019

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	3,280,000
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, 2019.

### 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](mailto: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 II 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: August 8, 2019

**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 : August 8, 2019

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**

**1. Opinion**

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 2019, 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 2019, 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. There 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 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:
- 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, 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 2019 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 21st May 2019 as per Annexure II expressed.
  - With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - 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:
    - The Company does not have any pending litigations which may impact its standalone Ind AS financial statements;
    - The company did 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 **P R Agarwal & Awasthi**

Chartered Accountants

Firm Registration No 117940W

CA Pawan KR Agarwal

Partner

M No-034147

Place: Mumbai

Date: 21st May 2019

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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 investments made. 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, sales tax, wealth 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, sales tax, wealth tax, service tax, customs duty, excise duty/cess were outstanding as at 31.03.2019 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, sales tax, wealth 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 not obtained any loan from any financial institutions or banks and issued 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: 21st May 2019

## 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, 2019, 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, 2019, 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 : 21st May 2019

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2019

(Amount in '000)

PARTICULARS	Note	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, Plant & Equipment	2 A)	76	111
b) Intangible Assets	2 B)	28	40
c) Intangible Assets under development	2 C)	20,564	15,110
d) Financial Assets			
(i) Investments	3	4,41,467	4,41,467
(ii) Loans	4	6,817	6,817
		<u>4,68,951</u>	<u>4,63,545</u>
<b>Current assets</b>			
a) Financial Assets			
(i) Trade receivables	5	-	-
(ii) Cash and cash equivalents	6	30,408	60,145
b) Current Tax Asset	7	1,682	1,310
c) Other current assets	8	10,854	10,228
		<u>42,944</u>	<u>71,683</u>
<b>TOTAL ASSETS</b>		<u><b>5,11,895</b></u>	<u><b>5,35,228</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Share Capital	9	93,327	93,327
b) Other Equity	10	4,13,580	4,37,910
		<u>5,06,907</u>	<u>5,31,237</u>
<b>LIABILITIES</b>			
<b>1) Non-current liabilities</b>			
a) Provisions	11	3,597	2,805
		<u>3,597</u>	<u>2,805</u>
<b>2) Current liabilities</b>			
a) Financial Liabilities			
(i) Other Financial Liabilities	12	465	310
b) Other Current Liabilities	13	835	797
c) Provisions	14	91	79
		<u>1,391</u>	<u>1,186</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>5,11,895</b></u>	<u><b>5,35,228</b></u>
Significant accounting policies	1		

Notes are integral part of the balance sheet & profit & loss account

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

**Pratima Ram**  
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 : 21st May 2019

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(Amount in '000)

Particulars	Note No.	For the year ended 31-03-2019	For the year ended 31-03-2018
<b>INCOME :</b>			
Other income	15	2,465	3,350
Total Revenue		2,465	3,350
<b>EXPENDITURE :</b>			
Employee benefits expenses	16	9,785	10,443
Finance costs	17	28	16
Depreciation and amortization expenses	18	47	92
Other expenses	19	16,653	16,893
Total Expenditures		26,513	27,444
Profit before extraordinary items and tax		(24,047)	(24,094)
<b>Extraordinary Items :</b>			
Prior year adjustments		-	-
Profit before tax		(24,047)	(24,094)
<b>Tax expenses :</b>			
Current tax (Wealth Tax)		-	-
Current Tax		-	-
Deferred tax		-	-
Short/(Excess) Provision of Tax		-	-
Mat Credit Entitlement		-	-
Profit (Loss) for the period from continuing operations		(24,047)	(24,094)
Profit/(Loss) from discontinuing operations		-	-
Tax expenses of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
Profit (Loss) for the year		(24,047)	(24,094)
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss:			
Defined benefit plan actuarial gains (loss)		(283)	129
Total Comprehensive Income of the year		(24,330)	(23,965)
Earnings per equity share: Basic (in Rs.)		(0.26)	(0.26)
Earnings per equity share: Diluted (in Rs.)		(0.26)	(0.26)

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

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**Pratima Ram**  
Chairman**Sandeep Lakhwara**  
Managing Director**C.A.P.R. Agarwal**  
Partner  
Membership Number- 34147**K.Karunakaran**  
Chief Financial Officer**S.Subramaniam**  
Company SecretaryPlace : Mumbai  
Date : 21st May 2019

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### Cash Flow Statement for the year ended 31st March, 2019

(₹ in '000)

PARTICULARS	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax and after Extraordinary items	(24,047)	(24,094)
Adjustment For :		
Depreciation	47	92
Provisions for gratuity	521	1,359
Interest & Finance charges	28	16
Interest received	(2,465)	(3,350)
Expenses on Employee Stock Option	-	-
<b>Operative Profit before Working Capital Changes</b>	<b>(25,916)</b>	<b>(25,977)</b>
Adjustment For :		
Trade Receivables	-	-
Other Receivables, Loans & Advances	(626)	(1,065)
Trade & Other payable	193	(6,180)
<b>Cash Generation from Operations</b>	<b>(26,349)</b>	<b>(33,222)</b>
Direct Taxes	(372)	436
<b>Net Cash Flow from operating activities</b>	<b>(26,721)</b>	<b>(32,786)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets and Advances	-	(13)
Increase in Intangible Assets under development	(5,454)	(3,441)
Purchase/Sale of Investment (Net)	-	-
Dividend received	-	-
Interest Received	2,465	3,350
<b>Net Cash used in investing activities</b>	<b>(2,989)</b>	<b>(104)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Issue	-	15,302
Share Application Money Received	-	-
Finance charges & Others	(28)	(16)
<b>Net Cash used in financing activities</b>	<b>(28)</b>	<b>15,286</b>
<b>D. Net Change In Cash And Cash Equivalents (A+B+C)</b>	<b>(29,737)</b>	<b>(17,604)</b>
Cash and Cash Equivalents (Opening)	60,145	77,749
Cash and Cash Equivalents (Closing)	<b>30,408</b>	<b>60,145</b>

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 : 21st May 2019

For and on behalf of Board of Directors

**Pratima Ram**  
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, 2019

## A. Equity share capital

	Number	Amount ('000)
<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>
Balance as at 1 April 2018	9,33,27,375	93,327
Changes in equity share capital during 2018-19	-	-
<b>Balance as at 31 March 2019</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 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>
Received Further	15,302	88,620	-	-	-	1,03,922
Further Granted	-	-	-	-	(72,720)	(72,720)
Shares Issued	(18,550)	-	-	-	-	(18,550)
Profit for the year	-	-	(24,094)	-	-	(24,094)
Other comprehensive income	-	-	129	-	-	129
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>
<b>Balance as at 1 April 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>
Received Further	-	-	-	-	-	-
Further Granted	-	-	-	-	-	-
Shares Issued	-	-	-	-	-	-
Profit for the year	-	-	(24,047)	-	-	(24,047)
Other comprehensive income	-	-	(283)	-	-	(283)
Total comprehensive income for the year	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>7,37,095</b>	<b>(3,40,241)</b>	<b>16,726</b>	<b>-</b>	<b>4,13,580</b>

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 : 21st May 2019

For and on behalf of Board of Directors

**Pratima Ram**  
Chairman

**K.Karunakaran**  
Chief Financial Officer

**Sandeep Lakhwara**  
Managing Director

**S.Subramaniam**  
Company Secretary

# 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 2019.

#### Note-1: SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2019

##### 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 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.

1. Exploration Income is recognized when services are rendered.
2. Interest Income is recognized on accrual basis
3. Dividend Income is accounted on accrual basis when the right to receive the dividend is established
4. 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 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

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**DECCAN GOLD MINES LIMITED**
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.**

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

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.

# 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 2019.

#### 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.

#### O.Taxation

- 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.



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**DECCAN GOLD MINES LIMITED**
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.**

- 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.

**S. Recent accounting pronouncements**
**Ind AS 116:**

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Statements) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profits and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116 which might have significant impact on key profit & loss and balance sheet ratio i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc.

**T. Critical estimates and judgements –**

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgement are:

- (i) Estimated useful life of PPE, investment property and intangible assets- Refer Note 2
- (ii) Probable outcome of matters included under Contingent Liabilities – Refer Note 22
- (iii) Estimation of Defined benefit obligation - Refer Note 19

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

#### 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
<b>Gross carrying amount</b>						
Balance as at 1 April 2018	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 2019</b>	<b>1,161</b>	<b>563</b>	<b>502</b>	<b>554</b>	<b>274</b>	<b>3,054</b>
<b>Depreciation and impairment</b>						
Balance as at 1 April 2018	1,089	563	502	516	273	2,943
Disposal	-	-	-	-	-	-
Net exchange differences	-	-	-	-	-	-
Depreciation	7	-	-	28	1	35
<b>Balance as at 31 March 2019</b>	<b>1,096</b>	<b>563</b>	<b>502</b>	<b>544</b>	<b>274</b>	<b>2,978</b>
<b>Carrying amount as at 31 March 2019</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>0</b>	<b>76</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
<b>Gross carrying amount</b>						
Balance as at 1 April 2017	1,161	563	502	554	274	3,054
Additions	-	-	-	-	-	-
Acquisition through business combination	-	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-	-
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>
<b>Depreciation and impairment</b>						
Balance as at 1 April 2017	1,082	563	502	484	271	2,902
Net exchange differences	-	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-	-
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>

#### 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 2018</b>	<b>409</b>
Additions	-
Acquisition through business combination	-
Disposals	-
Revaluation increase	-
Net exchange differences	-
<b>Balance as at 31 March 2019</b>	<b>409</b>

**DECCAN GOLD MINES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.**

(Rs in '000)

<b>Depreciation and impairment</b>	
Balance as at 1 April 2018	369
Disposal	-
Net exchange differences	-
Depreciation	12
<b>Balance as at 31 March 2019</b>	<b>381</b>
<b>Carrying amount as at 31 March 2019</b>	<b>28</b>

Gross carrying amount	
<b>Balance as at 1 April 2017</b>	<b>396</b>
Additions	13
Acquisition through business combination	-
Held for sale or included in disposal group	-
Net exchange differences	-
Balance as at 31 March 2018	409
<b>Depreciation and impairment</b>	
Balance as at 1 April 2017	318
Net exchange differences	-
Held for sale or included in disposal group	-
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>

**Note - 2 : C) 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**

Balance as at 1 April 2018	15,110
Additions	5,454
Balance as at 31 March 2019	<b>20,564</b>
<b>Carrying amount as at 31 March 2019</b>	<b>20,564</b>
<b>Gross carrying amount</b>	
Balance as at 1 April 2017	11,669
Additions	3,441
Balance as at 31 March 2018	<b>15,110</b>
<b>Carrying amount as at 31 March 2018</b>	<b>15,110</b>

31st March, 2019

1st April, 2018

**Note - 3 : Non-current investments****Investment in Equity instruments :**

In Subsidiaries

Unquoted : (Fully paid up) 13555

Equity Shares of Rs. 10/- each of

Deccan Exploration Services Pvt.Ltd.

	4,41,467	4,41,467
<b>Total</b>	<b>4,41,467</b>	<b>4,41,467</b>
Aggregate Value of Quoted Investment	-	-
Market Value of Quoted Investment	-	-
<b>Aggregate Value of Unquoted Investment</b>	<b>4,41,467</b>	<b>4,41,467</b>

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

(Rs in '000)

	31st March, 2019	1st April, 2018
<b>Note - 4 : Loans</b>		
<b>Security Deposits</b>		
Unsecured, considered good	6,817	6,817
<b>Total</b>	<b>6,817</b>	<b>6,817</b>
<b>Loans and advances to Holding Company</b>		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
<b>Total</b>	<b>6,817</b>	<b>6,817</b>
<b>Note - 5 : Trade Receivables</b>		
Unsecured, Considered Good		
Due from Subsidiary Co.	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note - 6 : Cash and cash equivalents</b>		
<b>Balances with banks</b>		
a. Balance with Banks	30,384	60,123
Bank deposits with more than 12 months maturity		
b. Cheques, drafts on hand		
c. Cash on hand	24	22
d. Others	-	-
<b>Total</b>	<b>30,408</b>	<b>60,145</b>
Earmarked Balance with banks for unclaimed dividend	-	-
Balance with banks to the extent held as margin money	-	-
<b>Note - 7 : Current Tax Assets</b>		
Balance with Income Tax Authorities	1,682	1,310
<b>Total</b>	<b>1,682</b>	<b>1,310</b>
<b>Note - 8 : Other current assets</b>		
Advances other than Capital Advances		
- To Subsidiary Company		
- To Others	6,442	6,441
Balance with Government authorities:		
- Other than Income Tax	3,840	3,392
Prepaid Expenses	274	245
Interest Receivable	298	150
<b>Total</b>	<b>10,854</b>	<b>10,228</b>

**DECCAN GOLD MINES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.****Note - 9 : Share Capital**

A	Authorised Share Capital	Equity Share		Preference Shares	
		Number	Amount ('000)	Number	Amount ('000)
	Beginning of the year at 1 April 2017	25,00,00,000	2,50,000	-	-
	Increase/(decrease) during the year	-	-	-	-
	Total shares authorised as at 31 March 2018	25,00,00,000	2,50,000	-	-
	Total shares authorised as at 1 April 2018	25,00,00,000	2,50,000	-	-
	Increase/(decrease) during the year	-	-	-	-
	<b>Total authorised share capital as at 31 March 2019</b>	<b>25,00,00,000</b>	<b>2,50,000</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 ('000)	Number	Amount ('000)
	Balance as at 1 April 2017	9,06,77,375	90,677	-	-
	Changes during the period	26,50,000	2,650	-	-
	Balance as at 31 March 2018	9,33,27,375	93,327	-	-
	Balance as at 1 April 2018	9,33,27,375	93,327	-	-
	Changes during the period	-	-	-	-
	Shares issued and fully paid as at 31 March 2019	<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****D Details of shareholders holding more than 5% shares in the company**

Name of the shareholder	31st March, 2019		31st March, 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Rama Mines (Mauritius) Limited	2,50,97,868	26.89%	2,52,34,068	27.04%

**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

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

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:

(Rs in '000)

	As at 31 March 2019	As at 31 March 2018
<b>Share Application Money Pending Allotment</b>		
Opening Balance	-	3,248
(+) Further received	-	15,302
(-) Transfer Pursuant to Allotment	-	(18,550)
Closing Balance	-	-
<b>Employee Stock Option Outstanding</b>		
Opening Balance	-	72,720
(+) Further Granted	-	-
(-) Transfer Pursuant to Allotment	-	(72,720)
Closing Balance	-	-
<b>Capital Reserves</b>		
Opening Balance	16,726	16,726
(+)/(-) Transfer	-	-
Closing Balance	16,726	16,726
<b>Securities Premium Account</b>		
Opening Balance	7,37,095	6,48,475
(+)/(-) Transfer	-	88,620
Closing Balance	7,37,095	7,37,095
<b>Retained Earnings</b>		
Opening balance	(3,15,911)	(2,91,946)
(+) Net Profit / (Net Loss) for the current year	(24,047)	(24,094)
Defined benefit plan actuarial gains (loss)	(283)	129
Closing Balance	(3,40,241)	(3,15,911)
<b>Total</b>	<b>4,13,580</b>	<b>4,37,910</b>

#### Note - 11 : Provisions

##### For Employee Benefits:

Gratuity	3,597	2,805
<b>Total</b>	<b>3,597</b>	<b>2,805</b>

**DECCAN GOLD MINES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.****(Rs in '000)**

	As at 31 March 2019	As at 31 March 2018
<b>Note - 12 : Other Financial Liabilities</b>		
Outstanding Expenses	465	310
<b>Total</b>	<b>465</b>	<b>310</b>
<b>Note - 13 : Other Current Liabilities</b>		
Statutory dues	835	797
<b>Total</b>	<b>835</b>	<b>797</b>
<b>Note - 14 : Provisions</b>		
Provision for employee benefits : Gratuity	91	79
<b>Total</b>	<b>91</b>	<b>79</b>
<b>Note - 15 : Other income</b>		
<b>Interest Income</b>		
Interest Income	2,465	3,350
Miscellaneous Income	-	-
<b>Total</b>	<b>2,465</b>	<b>3,350</b>
<b>Note - 16 : Employee benefit expenses</b>		
Salaries & wages	8,712	8,719
Contributions to Gratuity	521	1,359
Expenses on Employee Stock Option Scheme	-	-
Staff welfare expenses	551	365
<b>Total</b>	<b>9,785</b>	<b>10,443</b>
<b>Note - 17 : Finance costs</b>		
Interest expense	-	15
Bank Charges	28	1
<b>Total</b>	<b>28</b>	<b>16</b>
<b>Note - 18 : Depreciation &amp; Amortization Expenses</b>		
Depreciation on Tangible Assets	35	41
Depreciation on Intangible Assets	12	51
<b>Total</b>	<b>47</b>	<b>92</b>

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

(Rs in '000)

As at 31 March 2019 As at 31 March 2018

#### Note - 19 : Other expenses

Electricity Expenses	334	88
Listing Fees	500	571
Rent	1,897	2,450
Rates and taxes	20	49
Repair and maintenance	44	33
Director Remuneration	8,400	8,400
Advertising and business promotion	243	73
Traveling and conveyance	288	430
Communication Expenses	385	466
Legal and professional fees	2,258	2,248
Director Sitting Fees	455	465
Auditor's remuneration	130	195
Membership & Subscription	72	40
Miscellaneous expenses	1,628	1,385
<b>Total</b>	<b>16,653</b>	<b>16,893</b>

#### Payments to auditor

For Audit Fee	130	130
For Certification & Others	-	65
<b>Total</b>	<b>130</b>	<b>195</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	
	2018-19	2017-18
Defined Benefit Obligation at the beginning of the year	2,884	1,654
Current Service Cost	307	229
Interest Cost	214	116
Past Service Cost	-	1014
Actuarial (Gain)/Loss	283	-129
Defined Benefit Obligation at the end of the year	3,688	2,884

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

Particulars	Gratuity	
	2018-19	2017-18
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	-	-



**DECCAN GOLD MINES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.****(Rs in '000)****3) Reconciliation of Fair Value of Assets and Obligations**

Particulars	Gratuity	
	2018-19	2017-18
Fair Value of Plan Assets	-	-
Present Value of Obligation	3,688	2,884
Amount recognised in Balance Sheet (Surplus/(Deficit))	3,688	2,884

**4) Expenses recognised during the year**

Particulars	Gratuity	
	2018-19	2017-18
<b>In Income Statement</b>		
Current Service Cost	307	229
Interest Cost	214	116
Return on Plan Assets	-	-
Past Service Cost	-	1,014
<b>Net Cost</b>	<b>521</b>	<b>1,359</b>
In Other Comprehensive Income		-
Acturial (Gain)/Loss	283	-129
<b>Net(Income)/Expense for the period Recognised in OCI</b>	<b>804</b>	<b>1,230</b>

**5) Acturial Assumptions**

Particulars	Gratuity	
	2018-19	2017-18
Discount Rate(per annum)	7.35%	7.55%
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, 2019		As at 31st March, 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate(delta effect of +/-0.5%)	3,806	3,577	2,978	2,794
Change in rate of Salary increase(delta effect of +/-0.5%)	3,641	3,722	2,853	2,952

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.

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

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 21- 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	K.R. Krishnamurthy	Director & Chairman (Upto 30.04.2019)
4	V.K. Gaur	Director
5	Pratima Ram	Chairman (From 01.05.2019)
6	Govind Samant	Director
7	Dr. Modali Hanuma Prasad	Director
8	Kaushik Mukherjee	Director
9	Natesan Chinnapan	Director (From 12.04.19)
10	K. Karunakaran	Chief Financial Officer
11	S. Subramaniam	Company Secretary

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

(Rs in '000)

Sr.No.	Nature	Year ended 31, March '2019	Year ended 31, March '2018
1	Reimbursement of Exploration Expenses Received from Subsidiary( Excluding Taxes)	6,282	8,214
2	Investment in Shares of Subsidiary	NIL	87,285
3	Advances received back from Subsidiary	NIL	NIL
4	Managerial Remuneration paid to director	8,400	8,400
5	Directors Sitting Fees & Audit Committee fees	455	355
6	Remuneration paid to CFO	3,150	3,150
7	Remuneration paid to CS	3,990	3,990

#### Note -22 Expenditure and Earnings in Foreign Currency:

SL	Expenditure and Earnings in Foreign Currency:	Year ended 31, March 2019	Year ended 31, March 2018
a)	Expenditure Incurred	NIL	NIL
b)	Earnings	NIL	NIL

#### Note – 23 Contingent Liabilities not provided for:

SL	Particulars	March 31, 2019	March 31, 2018
a)	Capital Commitments	NIL	NIL
b)	Claims against company not acknowledged as debts	NIL	NIL
c)	Contingent Liabilities	NIL	NIL

**DECCAN GOLD MINES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.****Note- 24 Earning Per Share**

	Particulars	March 31, 2019	March 31, 2018
a)	Net Profit available for Equity Shareholders (Rs in '000)	(24,330)	(23,965)
b)	Weighted Average Number of Shares	9,33,27,375	9,24,46,538
c)	Basic Earning Per Share (in Rs.)	-0.26	-0.26
d)	Diluted Earning Per Share (in Rs.)	-0.26	-0.26

**Note - 25: 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	01/04/2018 to 31/03/2019	01/04/2017 to 31/03/2018
Options outstanding at the beginning of the year	Nil	11,50,000
Options granted during the year	Nil	Nil
Options vested during the year	Nil	Nil
Exercised during the year	Nil	11,50,000
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	Nil
Options unvested at the end of the year	NIL	NIL

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

#### 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	01/04/2018 to 31/03/2019	01/04/2017 to 31/03/2018
Options outstanding at the beginning of the year	NIL	15,00,000
Options granted during the year	Nil	Nil
Options vested during the year	Nil	Nil
Exercised during the year	NIL	15,00,000
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	NIL
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. Nil) & Deferred Employee Compensation account Rs NIL (PY Rs Nil). Employee Compensation Expenses amounting to Rs. Nil (PY Rs.Nil) is included under the head Salaries and other benefits

#### Note - 26 :

"During Financial 2013-14, Geomysore Services (India) Private Limited (GMSI), a Bangalore-based gold exploration company approached Deccan Gold Mines Limited (DGML) for being taken over as a wholly-owned subsidiary. The Board of Directors of DGML at their meeting held on 27 August, 2013 decided to consider the offer of GMSI. After completion of the necessary due diligence on GMSI, the Board of Directors of DGML, at their meeting held on 3 December, 2013 accorded their 'in-principle' approval to amalgamate Australian Indian Resources Limited (AIR), Australia with DGML pursuant to a Scheme of Arrangement under the provisions of Sections 391-394 of the Companies Act, 1956. It may be noted that AIR held 38.80% stake in GMSI at that point in time. Under this arrangement, DGML also proposes to acquire the balance of 61.20% stake from the other resident /non-resident shareholders of GMSI on the same terms as offered

**DECCAN GOLD MINES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.**

to AIR. Upon the acquisition of shares as aforesaid, GMSI would become a wholly-owned subsidiary of DGML. The Board also authorised the Managing Director of DGML to do the needful in this regard including appointment of merchant bankers and valuation experts to carry out the valuation exercise.

Accordingly, the valuation of the projects of DGML and GMSI are underway and DGML is also evaluating the proposal from an Australian perspective since the proposal involves the amalgamation of an Australian Company into DGML.

The proposal is subject to the final approval of the Boards of DGML and AIR / GMSI of the proposed terms of the amalgamation including but not limited to the relevant valuation of shares and the share exchange ratio.

**Note-27 : 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. 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 31.03.2019 is as under: **(Amount in Rs)**

Proceeds from Rights Issue		
Opening balance as on 01.04.2018		2,78,92,514
Amount Utilized:		
<b>Expenses for the issue</b>		
Rights Issue expenses		
General Corporate Purposes:		
Staff cost and other administration Expenses	2,24,38,688	
Exploration expenses and other expenses	54,53,826	
<b>Total:</b>	<b>2,78,92,514</b>	
<b>Closing balance of Rights Issue proceeds as on 31.3.2019</b>		<b>NIL</b>

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

Utilization of proceeds of rights issue by the Company for the year ended 31.03.2019 is as under: (Amount in Rs.)

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		
<b>General Corporate Purposes:</b>		
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>

#### Note 28: Fair Value measurement

Financial Instrument by category and hierarchy

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short-term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The fair values for loans, security deposits and investment in preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

#### Note 29: Financial Risk Management

##### Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through the managing board, which evaluates and exercises independent control over the entire process of market risk management. The managing board recommend risk management objectives and policies, which are approved by Senior Management.

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**DECCAN GOLD MINES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.****Market Risk- Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

**Note 29: Capital risk management****(a) Risk Management**

The Company aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary, adjust, its capital structure.

**Note 30:** Previous year figures have been re-grouped/reclassified wherever/necessary to make them comparable with current year.

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 : 21st May 2019

For and on behalf of Board of Directors

**Pratima Ram**  
Chairman

**K.Karunakaran**  
Chief Financial Officer

**Sandeep Lakhwara**  
Managing Director

**S.Subramaniam**  
Company Secretary

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED****DIRECTOR'S REPORT**

To the Members,  
Deccan Exploration Services Private Limited  
Bengaluru.

Your Directors have pleasure in submitting their 22nd Annual Report of the Company together with the Audited Statements of Accounts for the year ended March 31, 2019.

**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	1,589	7,762
Total Expenses	6,540	13,768
<b>Profit or Loss before Exceptional and Extraordinary items and Tax</b>	<b>(4,951)</b>	<b>(6,006)</b>
Less: Exceptional Items	-	-
Less: Extraordinary Items	-	-
<b>Profit or Loss before Tax</b>	<b>(4,951)</b>	<b>(6,006)</b>
Less: Current Tax	-	-
Deferred Tax	(207)	(229)
<b>Profit or Loss After Tax</b>	<b>(4,744)</b>	<b>(5,777)</b>
<b>Other Comprehensive Income</b>	<b>81</b>	<b>2</b>
<b>Balance Transferred to Balance Sheet</b>	<b>(4663)</b>	<b>(5775)</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:****Ganajur Gold Project awaiting issue of Grant Notification Letter from Government of Karnataka:**

Since no positive action was forthcoming from the Government of Karnataka despite the approvals granted by the Central Government and positive opinions furnished by the IBM as well as Law Department, Government of Karnataka, the Company filed a Writ of Mandamus during December, 2018 before the Hon'ble High Court of Karnataka seeking a positive direction to them to issue the Grant Notification Letter and subsequently execute the Mining Lease for the Ganajur Gold Project.

The Hon'ble High Court of Karnataka vide its Order dated March 21, 2019 favourably disposed the Writ Petition with a direction to the Respondents viz., C & I and DMG to consider DESPL's representation dated July 16, 2018 (seeking issue of Grant Notification Letter for the Ganajur Gold Project) within an outer limit of 6 weeks from the date of receipt of the Order.

A certified copy of the Court Order was received on April 15, 2019. As per the directions of the Hon'ble Court, we made a written representation dated May 3, 2019 and a reminder on June 3, 2019 to the C & I attaching a Certified Copy of the Court Order and our earlier representation dated July 16, 2018 seeking positive action in the matter



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**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

within the 6 weeks time frame stipulated by the Hon'ble Court.

Post this, the Company Management had met the Secretary, C & I several times seeking early action in the matter in the light of Court Order.

Since no positive action was forthcoming from the Government of Karnataka even after the expiry of the six week period, the Company had lodged a Contempt Petition against the Secretary, Commerce & Industries Department, Government of Karnataka on July 18, 2019 as advised by our Legal Counsel. The matter was posted before the Hon'ble High Court on July 23, 2019. After advising to settle certain office objections (procedural in nature), the Court directed that notice returnable in 2 weeks' be issued to the Secretary, C & I. Our Lawyers have advised that all office objections have been settled and notice has been served on the Secretary, C & I.

**Hutti Block Prospecting Licence (PL) applications – Judgment of the Hon'ble Supreme Court and recent developments:**

It may be noted that the Hon'ble Supreme Court vide its Judgment dated May 8, 2018 had set aside the Order passed by the Karnataka High Court dated April 3, 2012 and allowed the Company's Civil Appeal.

The Hon'ble Supreme Court had held that:

- (1) The Karnataka High Court had 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) 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.
- (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.

Post this, the Company management met the Director, Department of Mines & Geology (DMG) on several occasions and also submitted written requests on May 29, 2018 & August 31, 2018 seeking speedy processing of the Hutti Block PL applications.

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.

Since the pace of processing was slow, DESPL had filed an Interim Application before the Hon'ble Supreme seeking directions to the DMG and C & I, Government of Karnataka to process the Hutti Belt PL applications in an expeditious and time bound manner and in any case, not later than two months.

The matter came up for hearing on April 26, 2019 and the Hon'ble High Court took cognisance of the purpose of filing the Interim Application and directed issue of notice (returnable in six weeks' time) to the Respondents viz., Government of Karnataka. After receipt of spare copies of documents from our Advocate on Record during July, 2019 (when the Court reopened after vacation), the Hon'ble Court listed the matter for hearing on November 13, 2019.

Our Lawyers have now advised us that notices have been dispatched to the Government of Karnataka and upon completion of service of notice, they will approach the Hon'ble Court seeking an earlier hearing in the matter.

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

**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.

# DECCAN GOLD MINES LIMITED

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## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

### **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 of Rs 16,89,045 was incurred 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**

Details are furnished in Note No. 24 to the financial statements of the Company

### **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 30, 2018; August 14, 2018; November 2, 2018; and March 25, 2019.

### **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;
- (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;

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

- (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 S.C.R. Peshwa, Director retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for reappointment.

Further, the parent Company has nominated Mr Natesan Chinnapan as a Director on the Board of the Company and accordingly, Mr Natesan was appointed as an Additional Director on June 3, 2019.

Necessary resolutions Mr S.C.R. Peshwa and Mr Natesan Chinnapan as Director of the Company has been included in the Notice convening the ensuing Annual General Meeting 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 at the last Annual General Meeting and are eligible for reappointment, subject to ratification of members at ensuing Annual General Meeting of the company.

**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. SHARES**

During the year under review, the company did not issue any shares.

## DECCAN GOLD MINES LIMITED

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### 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 8, 2019

**S.C.R. Peshwa**  
Director

**K. Karunakaran**  
Director

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

## FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &amp; Administration) Rules, 2014.

## I. REGISTRATION &amp; 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	PRIVATE LIMITED / 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-2018]"				"No. of Shares held at the end of the year [As on 31-March-2019]"				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
c) Bodies Corp.	-	13,554	13,554	99.99%		13,554	13,554	99.99%	Nil
Sub Total (A) (2)	-	13,554	13,554	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>13,555</b>	<b>13,555</b>	<b>100.00%</b>	<b>-</b>	<b>13,555</b>	<b>13,555</b>	<b>100.00%</b>	<b>0.00%</b>

# DECCAN GOLD MINES LIMITED

## 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	13,554	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	13,554	99.99%	13,554	99.99%
	Changes during the year	-	-	-	-
	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 Rs.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 8, 2019

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**

**Opinion**

We have audited the financial statements of Deccan Exploration Services Private Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, the statement of Profit and Loss, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 ('The Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis of 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.

**Responsibilities of Management for 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards (IND-AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and 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 financial statement 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 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.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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

# DECCAN GOLD MINES LIMITED

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## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

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.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Matters:**

1. 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 A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 purposes 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards



(IND-AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- 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, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **RAO & VENKATESULU**  
Chartered Accountants

**CA C. VENKATESULU**  
Partner  
M No-019659  
FR No. 003108S

Place : Bengaluru  
Date : April 30, 2019

### **Annexure “A” to the Auditor’s Report even date**

(Referred in Audit report)

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 not made any investment, granted any loans, provided any guarantees or security during the year, therefore comments under this clause has not been called for.
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, sales tax, wealth 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, sales tax, wealth tax, service tax, customs duty, excise duty/cess were outstanding as at 31.03.2019 for a period of more than six months from the date they became payable except professional tax of Rs.32,800/-.
  - (c) According to the records of the company there are no dues of Income-Tax, sales tax, wealth 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 not obtained any loan from any financial institutions or banks and issued debentures.
9. According to the records of the Company, the Company has not raised any money raised 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 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.

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**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

- 14 The company has not made any preferential allotment or private placement of shares, 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 **RAO & VENKATESULU**  
Chartered Accountants

**CA C. VENKATESULU**  
Partner  
M No-019659  
FR No. 003108S

Place : Bengaluru  
Date : April 30, 2019

### Annexure “B”

#### **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, 2019, 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, 2019, based on the criteria being specified by management.

For **RAO & VENKATESULU**  
Chartered Accountants

**CA C. VENKATESULU**  
Partner  
M No-019659  
FR No. 003108S

Place : Bengaluru  
Date : April 30, 2019

**DECCAN GOLD MINES LIMITED****DECCAN EXPLORATION SERVICES PRIVATE LIMITED****BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2019**

(Amount in '000)

Particulars	Note No.	31st March, 2019	31st March, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, Plant & Equipment	2	1,910	2,546
b) Capital work-in-progress	2	3,16,243	2,94,605
c) Intangible Assets	2	1,137	2,947
d) Intangible Assets under development	2	9,976	9,976
e) Financial Assets			
(i) Loans	3	892	1,017
f) Other Non-current Assets	4	68,204	-
		<b>3,98,361</b>	<b>3,11,091</b>
<b>Current assets</b>			
a) Financial Assets			
(i) Trade receivables	5	156	156
(ii) Cash and cash equivalents	6	14,836	1,08,857
b) Current Tax Assets	7	1,010	1,517
c) Other current assets	8	27,448	26,003
		<b>43,450</b>	<b>1,36,533</b>
<b>TOTAL ASSETS</b>		<b>4,41,811</b>	<b>4,47,624</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Share Capital	9	136	136
b) Other Equity	10	4,40,453	4,45,116
		<b>4,40,589</b>	<b>4,45,252</b>
<b>LIABILITIES</b>			
<b>1) Non-current liabilities</b>			
a) Provisions	11	95	107
b) Deferred Tax Liability	12	-	207
		<b>95</b>	<b>314</b>
<b>2) Current liabilities</b>			
a) Financial Liabilities			
(i) Trade payables	13	896	1,486
b) Other Current Liabilities	14	231	571
c) Provisions	15	1	1
		<b>1,127</b>	<b>2,059</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,41,811</b>	<b>4,47,624</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**CA C. VENKATESULU**  
Partner

Membership No. : 019659

FRN: 003108S

Place : Bengaluru  
Date : April 30, 2019

# DECCAN EXPLORATION SERVICES PRIVATE LIMITED

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2019

(Amount in '000)

Particulars	Note No	For the year ended 31.3.2019	For the year ended 31.3.2018
<b>INCOME :</b>			
Other income	16	1,589	7,762
Total Revenue		<b>1,589</b>	<b>7,762</b>
<b>EXPENDITURE :</b>			
Employee benefits expenses	17	1,854	5,295
Finance Costs	18	19	8
Depreciation and amortization expenses	19	2,501	2,008
Other expenses	20	2,166	6,457
Total Expenditures		<b>6,540</b>	<b>13,768</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>(4,951)</b>	<b>(6,006)</b>
<b>Extraordinary Items :</b>			
Prior year adjustments		-	-
<b>Profit before tax</b>		<b>(4,951)</b>	<b>(6,006)</b>
<b>Tax expenses :</b>			
Current tax		-	-
Deferred tax	21	(207)	(229)
<b>Profit (Loss) for the period from continuing operations</b>		<b>(4,744)</b>	<b>(5,777)</b>
Profit/(Loss) from discontinuing operations		-	-
Tax expenses of discontinuing operations		-	-
<b>Profit/(Loss) from discontinuing operations (after tax)</b>		<b>-</b>	<b>-</b>
<b>Profit (Loss) for the year</b>		<b>(4,744)</b>	<b>(5,777)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to Profit or Loss			
Defined benefit plan actuarial gains(losses)		81	2
<b>Total Comprehensive Income of the year</b>		<b>(4663)</b>	<b>(5775)</b>
<b>Earnings per equity share: Basic &amp; Diluted (in ₹)</b>			
Basic		(344.01)	(426.03)
Diluted		(344.01)	(426.03)

Notes are integral part of the balance sheet &amp; profit &amp; loss account 1

For and on behalf of the Board

For **Rao & Venkatesulu**  
Chartered Accountants**S.C.R PESHA**  
Director**K.KARUNAKARAN**  
Director**CA C. VENKATESULU**  
Partner  
Membership No. : 019659  
FRN: 003108SPlace : Bengaluru  
Date : April 30, 2019

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in '000)

PARTICULARS	31st March, 2019	31st March, 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax and after Extraordinary items	(4,951)	(6,006)
<b>Adjustment For :</b>		
Depreciation	2,501	2,008
Provision for Gratuity	69	0
Interest & Finance charges	19	8
Interest received	(1,589)	(7,762)
<b>Operative Profit before Working Capital Changes</b>	<b>(3,951)</b>	<b>(11,752)</b>
<b>Adjustment For :</b>		
Other Receivables, Loans & Advances	-	-
Other Current Assets	(1,445)	(3,806)
Trade & Other payable	(930)	1,690
<b>Cash Generation from Operations</b>	<b>(6,326)</b>	<b>(13,868)</b>
Direct Taxes	507	(757)
<b>Net Cash Flow from operating activities</b>	<b>(5,819)</b>	<b>(14,625)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets and Advances	(21,693)	(40,484)
Capital Advances Given	(68,204)	0
Loan Repayment Received	125	0
Interest Received	1,589	7,762
<b>Net Cash used in investing activities</b>	<b>(88,183)</b>	<b>(32,722)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance charges & Others	(19)	(8)
Provisions for Bonus		
	(19)	(8)
<b>D. Net Cash used in financing activities</b>		
<b>Net Change In Cash And Cash Equilants (A+B+C)</b>	<b>(94,021)</b>	<b>(47,355)</b>
Cash and Cash Equivalents (Opening)	1,08,857	1,56,211
Cash and Cash Equivalents (Closing)	14,836	1,08,857

Notes : 1. Figures in brackets represents cash outflows.

2. Previous year figures have been regrouped wherever necessary.

For and on behalf of the Board

As per our report of even date attached.

For **Rao & Venkatesulu**  
Chartered Accountants

**S.C.R PESHA**  
Director

**K.KARUNAKARAN**  
Director

**CA C. VENKATESULU**  
Partner  
Membership No. : 019659

Place : Bengaluru  
Date : April 30, 2019

FRN: 003108S



## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

## A. Equity share capital

( ₹ in '000)

	Number	Amount
Balance as at 1 April 2017	13555	136
Changes in equity share capital during 2017-18	-	-
Balance as at 31 March 2018	13555	136
Balance as at 1 April 2018	13555	136
Changes in equity share capital during 2018-19	-	-
Balance as at 31 March 2019	13,555	136

## B. Other equity

( ₹ in '000)

	Reserves and surplus		
	Securities premium	Retained earnings	Total other Equity
<b>Balance as at 1 April 2017</b>	<b>3,54,052</b>	<b>9,563</b>	<b>3,63,615</b>
Employee share-based compensation	-	-	-
Transactions with owners	-	-	-
Profit/(Loss) for the year	-	(5,777)	(5,777)
On allotment of Shares	87,279	-	87,279
Other comprehensive income	-	2	2
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(5,775)</b>	<b>(5,775)</b>
<b>Balance as at 31 March 2018</b>	<b>4,41,331</b>	<b>3,785</b>	<b>4,45,116</b>
<b>Balance as at 1 April 2018</b>	<b>4,41,331</b>	<b>3,785</b>	<b>4,45,116</b>
Dividends	-	-	-
Issue of share capital on exercise of employee share option	-	-	-
On allotment of Shares	-	-	-
Profit/(Loss) for the year	-	(4,744)	(4,744)
Other comprehensive income	-	81	81
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(4,663)</b>	<b>(4,663)</b>
<b>Balance as at 31 March 2019</b>	<b>4,41,331</b>	<b>(878)</b>	<b>4,40,453</b>

For and on behalf of the Board

For **Rao & Venkatesulu**  
Chartered Accountants**S.C.R PESHA**  
Director**K.KARUNAKARAN**  
Director**CA C. VENKATESULU**  
Partner

Membership No. : 019659

FRN: 003108S

Place : Bengaluru  
Date : April 30, 2019

# DECCAN GOLD MINES LIMITED

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## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### Note – 1: SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2019

##### 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 in Financial Year 2017-18 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.

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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.

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- 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. The company is incurring losses and the mining operations have not yet commenced pending the Licenses from the Government. In absence of virtual certainty of sufficient future taxable income, the deferred tax asset has not been recognised by way of prudence in accordance with the 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 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****NOTE – 2: PROPERTY, PLANT AND EQUIPMENT**

Details of the property, plant and equipment & Intangible Assets their carrying amounts are as follows: (Rs. in '000)

Particulars	Furniture & Fixtures	Vehicles	Office Equipment	Computer	TOTAL
<b>Gross carrying amount</b>					
<b>Balance as at 1 April 2018</b>	<b>305</b>	<b>3,171</b>	<b>167</b>	<b>1,454</b>	<b>5,097</b>
Additions	37	-	18	-	55
Acquisition through business combination	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation increase	-	-	-	-	-
Net exchange differences	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>342</b>	<b>3,171</b>	<b>185</b>	<b>1,454</b>	<b>5,152</b>
<b>Depreciation and impairment</b>					
<b>Balance as at 1 April 2018</b>	<b>61</b>	<b>1,426</b>	<b>76</b>	<b>988</b>	<b>2,551</b>
Disposal	-	-	-	-	-
Net exchange differences	-	-	-	-	-
Depreciation	32	286	37	337	691
<b>Balance as at 31 March 2019</b>	<b>93</b>	<b>1,712</b>	<b>113</b>	<b>1,325</b>	<b>3,242</b>
<b>Carrying amount as at 31 March 2019</b>	<b>249</b>	<b>1,459</b>	<b>72</b>	<b>129</b>	<b>1,910</b>

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	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-
Net exchange differences	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>305</b>	<b>3,171</b>	<b>167</b>	<b>1,454</b>	<b>5,097</b>
<b>Depreciation and impairment</b>					
Balance as at 1 April 2017	32	1,140	44	562	1,778
Net exchange differences	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-
Depreciation	29	286	32	426	773
<b>Balance as at 31 March 2018</b>	<b>61</b>	<b>1,426</b>	<b>76</b>	<b>988</b>	<b>2,551</b>
<b>Carrying amount as at 31 March 2018</b>	<b>244</b>	<b>1,745</b>	<b>91</b>	<b>466</b>	<b>2,546</b>

**CAPITAL WORK IN PROGRESS**

Particulars	Amount
<b>Development of Gold Mining Assets</b>	
Opening Balance as on 01/04/2018	2,94,605
Expenditure during the year	21,638
Less: Adjustment during the year	-
<b>Closing balance as on 31/03/2019</b>	<b>3,16,243</b>

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Amount (₹ '000)

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>

### INTANGIBLE ASSETS

Particulars	Useful Life (No. Of Years)	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 01-04-2018	Additions	Deduction	Balance as at 31/03/2019	Up to 01/04/2018	For the year	Deduction	Up to 01/04/2019	Balance as at 31/03/2019	Balance as at 31/03/2018
Software	3	5,434	-	-	5,434	2,487	1,810	-	4,297	1,137	2,947
Total		5,434	-	-	5,434	2,487	1,810	-	4,297	1,137	2,947

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

### Intangible Assets under Development

Particulars	Amount
Opening Balance as on 01/04/2018	9,976
Expenditure during the year	-
Less: Sale Proceeds	-
<b>Closing balance as on 31/03/2019</b>	<b>9,976</b>

Particulars	Amount
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	AS AT 31.3.2019	AS AT 31.3.2018
<b>Note - 3: Loans</b>		
Security Deposits		
Unsecured, considered good	892	1,017
<b>Total</b>	<b>892</b>	<b>1,017</b>

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

	AS AT 31.3.2019	AS AT 31.3.2018
<b>Note - 4 : Other Non-Current Assets</b>		
Capital Advances	68,204	-
<b>Total</b>	<b>68,204</b>	<b>-</b>

**Note - 5: Trade Receivables**

Unsecured, Considered Good	156	156
<b>Total</b>	<b>156</b>	<b>156</b>

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

a. Balance with Banks	4,623	4,572
b. Bank deposits with not more than 12 months maturity	10,161	1,04,280
c. Cheques, drafts on hand cash on hand	52	5
d. Others	-	-
<b>Total</b>	<b>14,836</b>	<b>1,08,857</b>

**Note - 7: Current Tax Assets**

Income Tax	1,010	1,517
<b>Total</b>	<b>1,010</b>	<b>1,517</b>

**Note - 8 : Other current assets**

Advances other than Capital Advances	301	371
Advances with Revenue Authorities	27,062	25,357
Others	85	275
<b>Total</b>	<b>27,448</b>	<b>26,003</b>

**Note - 9: Share Capital**

A. Authorised Share Capital	Equity Share		Preference Shares	
	Number	Amount ('000)	Number	Amount ('000)
Beginning of the year at 1 April 2017	20,000	200	3,50,000	35,000
Increase/(decrease) during the year	-	-	-	-
Total shares authorised as at 31 March 2018	20,000	200	3,50,000	35,000
Total shares authorised as at 1 April 2018	20,000	200	3,50,000	35,000
Increase/(decrease) during the year	-	-	-	-
Total authorised share capital as at 31 March 2019	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

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(Rs. In '000)

### B. Issued, Subscribed & fully Paid Up

	Equity Share		Preference Shares	
	Number	Amount	Number	Amount
Balance as at 1 April 2017	13,000	130	-	-
Changes during the period	555	6	-	-
Balance as at 31 March 2018	13,555	136	-	-
Balance as at 1 April 2018	13,555	136	-	-
Changes during the period	-	-	-	-
<b>Shares issued and fully paid as at 31 March 2019</b>	<b>13,555</b>	<b>136</b>	<b>-</b>	<b>-</b>

### C. Reconciliation of Number of Shares:

Particulars	As at 31.03.2019	As at 31.03.2018
Equity Share Capital		
Balance at the beginning	13,555	13,000
Add: Number of Shares Allotted	-	555
Balance at the end of the year	13,555	13,555
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>

### D. Number of Shares issued for consideration other than for cash:

Particulars	As at 31.03.2019	As at 31.03.2018
Equity Shares of Rs. 10/- Each	-	555

\* Refer Note 15 of Notes to Financial Statement

### 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 31.03.2019	As at 31.03.2018
Deccan Gold Mines Limited	13,555	13,555

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

Name of the shareholder	31st March, 2019		31st March, 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Deccan Gold Mines Limited	13,555	100.00%	13,555	100.00%

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

Particulars
<b>Equity Shares :</b>
Fully paid up pursuant to contract(s) without payment being received in cash
Fully paid up by way of bonus shares
Shares bought back



## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Rs. In '000)

PARTICULARS	AS AT 31.3.2019	AS AT 31.3.2018
<b>Note - 10: Other Equity</b>		
Share Premium	4,41,331	4,41,331
Profit & Loss Account	(878)	3,785
Other Reserves	-	-
<b>Total</b>	<b>4,40,453</b>	<b>4,45,116</b>

PARTICULARS	AS AT 31.3.2019	AS AT 31.3.2018
<b>Share Premium :</b>		
Opening Balance	4,41,331	3,54,052
Premium during the year	-	87,279
<b>Closing Balance</b>	<b>4,41,331</b>	<b>4,41,331</b>
<b>Profit &amp; Loss Account :</b>		
Opening Balance	3,785	9,561
<b>Profit during the year</b>	<b>(4,744)</b>	<b>(5,777)</b>
<b>Defined benefit plan actuarial gains(losses)</b>	<b>81</b>	<b>2</b>
<b>Closing Balance</b>	<b>(878)</b>	<b>3,785</b>

**Note - 11: Provisions**

Provision for Employee Benefits

Gratuity	95	107
<b>Total</b>	<b>95</b>	<b>107</b>

**Note - 12: Deferred tax Liability (Net)**

	AS AT 31.3.2019	AS AT 31.3.2018
<b>Deferred tax liability</b>		
Net Block as per Companies Act	3,047	5,493
Net Block as per Income Tax Act	3,349	4,588
Difference	<b>302</b>	(905)
<b>Deferred tax liability (A)</b>	<b>(79)</b>	<b>235</b>
<b>Deferred tax assets</b>		
Disallowances u/s 40(a) & 43(b)	96	108
<b>Deferred tax assets (B)</b>	<b>25</b>	<b>28</b>
<b>Net Deferred Tax (Liability) (Closing)</b>	<b>-</b>	<b>207</b>

Note: Deferred tax asset (net) is not recognised.

**Note - 13: Trade payables**

Unsecured:

Micro, Small and Medium Enterprises	-	-
Due to Holding Company	-	-
Due to Others	896	1,486
<b>Total</b>	<b>896</b>	<b>1,486</b>

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## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Rs. In '000)

PARTICULARS	AS AT 31.3.2019	AS AT 31.3.2018
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### Note - 14: Other Current Liabilities

Statutory Dues	231	571
Advance from Holding Company	-	-
<b>Total</b>	<b>231</b>	<b>571</b>

### Note - 15: Provisions

Provision for Employee Benefits - Gratuity	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

### Note - 16: Other income

Interest Income	1,589	7,762
<b>Total</b>	<b>1,589</b>	<b>7,762</b>

### Note - 17: Employee benefit expenses

Salaries & Wages	1,569	5,072
Gratuity	69	59
Staff Welfare Expenses	215	164
<b>Total</b>	<b>1,854</b>	<b>5,295</b>

### Note - 18: Finance costs

Bank Charges	19	8
Interest	-	-
<b>Total</b>	<b>19</b>	<b>8</b>

### Note - 19: Depreciation & Amortization Expenses

Depreciation on Tangible Assets	691	773
Depreciation on Intangible Assets	1,810	1,235
<b>Total</b>	<b>2,501</b>	<b>2,008</b>

### Note - 20: Other expenses

Repairs & Maintenance	38	48
Office Maintainance	214	100
Communications Expenses	111	154
Miscellaneous Expenses	213	199
Insurance Charges	63	78
Electricity Charges	186	192
Membership & Subscription	82	454
Rates and Taxes	90	693
Travelling Expenses	52	267
Professional Fees	114	3,241
Rent	835	779
Staff Recruitment Charges	90	45
Motor Car Expenses	45	172
<b>Auditor's remuneration</b>	<b>35</b>	<b>35</b>
<b>Total</b>	<b>2,166</b>	<b>6,457</b>

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Rs. In '000)

PARTICULARS	AS AT 31.3.2019	AS AT 31.3.2018
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**Note - 21: Deferred Tax**

Net Deferred Tax Liability (Closing)		207
Less: Net Deferred Tax Liability (Opening)	(207)	436
Deferred Tax Provided(+)/Withdrawn(-) in the year	(207)	(229)

**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	
	2018-19	2017-18
Defined Benefit Obligation at the beginning of the year	108	51
Current Service Cost	61	48
Interest Cost	8	4
Past Service Cost	-	7
Actuarial (Gain)/Loss	(81)	(2)
Defined Benefit Obligation at the end of the year	96	108

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

Particulars	Gratuity Funded	
	2018-19	2017-18
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	
	2018-19	2017-18
Fair Value of Plan Assets	-	-
Present Value Obligation	96	108
Amount Recognised in Balance Sheet (Surplus/Deficit)	96	108

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Amount (₹ '000)

### 4) Expenses recognised during the year

Particulars	Gratuity Funded	
	2018-19	2017-18
In Income Statement	-	-
Current Service Cost	61	48
Interest Cost	8	4
Return on Plan Assets	-	-
Past Service Cost	-	7
Net Cost	69	59
In Other Comprehensive Income	-	-
Actuarial (Gain)/Loss	(81)	(2)
Net(Income)/Expense for the period Recognised in OCI	(12)	57

### 5) Acturial Assumptions

Particulars	Gratuity Funded	
	2018-19	2017-18
Discount Rate(per annum)	7.35%	7.60%
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 given:

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/-0.5%)	100	93	114	102
Change in rate of Salary increase (delta effect of +/-0.5%)	93	100	103	113

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, 2019	31st March 2018
1	Exports	-	-

**Expenditure**

Sl. No.	Particulars	For the year ended	
		31st March, 2019	31st March, 2018
1	Import of Materials	-	-
2	Professional Fees	1,689	12,597
3	Analysis Charges	-	-
4	Travelling & Other Expense	-	35
	<b>Total</b>	<b>1,689</b>	<b>12,632</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
4	Mr. K.R. Krishnamurthy	Key Managerial Person

**Transactions with Related Parties**

Particulars	For the year ended	
	31st March, 2019	31st March, 2018
Allotment of Shares(See Note No.27)	-	87,285
Repayment of advances received from holding Company	-	-
Reimbursement of Exploration Expenses given to Holding Company (Excluding Taxes)	6,282	8,214
Travelling & Other Expense	-	35
<b>Total</b>	<b>6,282</b>	<b>12,632</b>

**Note – 25: Contingent Liabilities Not Provided For**

Particulars	For the year ended	
	31st March, 2019	31st March 2018
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, 2019	31st March, 2018
a)	No of Shares at the beginning of the year	13,555	13,000
b)	No of Shares at the end of the year	13,555	13,555
c)	Weighted average number of Equity Shares outstanding during the year	13,555	13,002
	EPS		
a)	Net Profit available for Equity Shareholders (Rs. in crores)	(4,663 )	(5,775 )
b)	Basic Earning Per Share (in Rs.)	(344.01)	(444.16)
c)	Diluted Earning Per Share (in Rs.)	(344.01)	(444.16)

### Note – 27: Note on Further Issue of Equity Shares in F.Y.2017-18

During the Financial 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 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, 2019	31st March, 2018
Auditor's Remuneration		
For Audit	35	35
For Taxation	-	-
For Other Matters	-	-
<b>Total</b>	<b>35</b>	<b>35</b>

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

**CA C. VENKATESULU**  
Partner  
Membership No. : 019659  
FRN: 003108S

Place : Bengaluru  
Date : April 30, 2019

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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, 2019, 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.

# DECCAN GOLD MINES LIMITED

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## CONSOLIDATED FINANCIAL STATEMENTS

### 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, 2019 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.4,41,811 thousand as at 31st March, 2019, total revenues of Rs.1,589 thousand and net cash out flows amounting to Rs.94,021 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, 2019, 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, 2019, 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;



### 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: 21st May 2019

**Annexure I**

**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 consolidated Ind As financial statements of **Deccan Gold Mines Limited** ("the Holding Company") and its Subsidiary companies (the holding company and its subsidiaries together referred to as "the Group"), as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting (IFCoFR) of the holding company and its one subsidiary incorporated in India as of that date.
2. **Management Responsibility for Internal Financial Controls**  
The respective Board of Directors of the Holding company and its subsidiary companies, which are the companies incorporated in India are responsible for establishing and mining 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.
3. **Auditor's Responsibility**  
Our responsibility is to express an opinion on the Group'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 Notes 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 matters 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 judgment, 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 Group's IFCoFR.
6. **Meaning of Internal Financial Controls over Financial Reporting**  
A company IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles including the Ind AS. A company 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 standalone Ind AS financial statements in accordance with generally accepted accounting principles including Ind As, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind As financial Statements.
7. **Inherent Limitations of Internal Financial Controls over Financial Reporting**  
Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatement due to error or fraud may occur and not be detected. Also, projection

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.

### 8. **Opinion**

In Our Opinion, the holding 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 31 March 2019, based on the criteria being specified by management.

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

**CA Pawan K. Agarwal**  
Partner  
M No-034147

Place: Mumbai  
Date: 21th May 2019

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

### CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2019

(Amount in '000)

Particulars	Note No.	31st March, 2019	31st March, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, Plant & Equipment	2A	1,985	2,657
b) Capital Work In Progress	2B	3,16,243	2,94,605
c) Intangible Assets	2C	1,165	2,987
d) Intangible Assets under development	2D	30,540	25,086
e) Financial Assets			
(i) Loans	3	7,709	7,834
f) Other Non-current Assets	4	68,204	-
		<b>4,25,846</b>	<b>3,33,169</b>
<b>Current assets</b>			
a) Financial Assets			
(i) Trade receivables	5	156	156
(ii) Cash and cash equivalents	6	45,244	1,69,002
b) Current Tax Assets	7	2,692	2,827
c) Other current assets	8	38,302	36,231
		<b>86,393</b>	<b>2,08,216</b>
<b>TOTAL ASSETS</b>		<b>5,12,239</b>	<b>5,41,385</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Share Capital	9	93,327	93,327
b) Other Equity	10	4,12,702	4,41,695
		<b>5,06,028</b>	<b>5,35,022</b>
<b>LIABILITIES</b>			
<b>1) Non-current liabilities</b>			
a) Employee Benefit obligation	11	3,692	2,912
b) Deferred Tax Liability	12	-	207
		<b>3,692</b>	<b>3,119</b>
<b>2) Current liabilities</b>			
a) Financial Liabilities			
(i) Trade payables	13	896	1,486
(ii) Other Financial Liabilities	14	465	310
b) Other Current Liabilities	15	1,066	1,368
c) Provisions	16	92	80
		<b>2,518</b>	<b>3,244</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,12,239</b>	<b>5,41,385</b>

Significant Accounting Policies 1

Notes are integral part of the balance sheet & 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 : 21st May 2019

For and on behalf of Board of Directors

**Pratima Ram**  
Chairman

**K.Karunakaran**  
Chief Financial Officer

**Sandeep Lakhwara**  
Managing Director

**S.Subramaniam**  
Company Secretary

## CONSOLIDATED FINANCIAL STATEMENTS

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(Amount in '000)

Particulars	Note No.	For the year ended 31-03-2019	For the year ended 31-03-2018
<b>INCOME :</b>			
Other income	17	4,054	11,112
<b>Total Revenue</b>		<b>4,054</b>	<b>11,112</b>
<b>EXPENDITURE :</b>			
Employee benefits expenses	18	11,639	15,738
Finance costs	19	46	24
Depreciation and amortization expenses	20	2,548	2,100
Other expenses	21	18,819	23,350
<b>Total Expenditures</b>		<b>33,052</b>	<b>41,212</b>
Profit before extraordinary items and tax		(28,998)	(30,100)
<b>Extraordinary Items :</b>			
Exceptional/Prior Period Items	22	-	-
<b>Profit before tax</b>		(28,998)	(30,100)
<b>Tax expenses :</b>			
Deferred tax	23	(207)	(229)
<b>Profit (Loss) for the year</b>		<b>(28,791)</b>	<b>(29,871)</b>
Other Comprehensive Income		-	-
Total Other Comprehensive Income		(202)	131
Total Comprehensive Income of the year		(28,993)	(29,740)
Earnings per equity share: Basic (in Rs.)		-0.31	-0.32
Earnings per equity share: Diluted (in Rs.)		-0.31	-0.32

Notes are integral part of the balance sheet &amp; profit &amp; 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 : 21st May 2019

For and on behalf of Board of Directors

**Pratima Ram**  
Chairman

**K.Karunakaran**  
Chief Financial Officer

**Sandeep Lakhwara**  
Managing Director

**S.Subramaniam**  
Company Secretary

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

### Consolidated Cash Flow Statement For the year ended 31st March, 2019

(Amount in '000)

PARTICULARS	31st March, 2019	31st March, 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax and after Extraordinary items	(28,998)	(30,100)
Adjustment For :		
Depreciation	2,548	2,100
Provision for Gratuity	591	1,418
Interest & Finance charges	46	24
Interest received	(4,054)	(11,112)
Expenses on Employee Stock Option	-	-
<b>Operative Profit before Working Capital Changes</b>	<b>(29,867)</b>	<b>(37,670)</b>
Adjustment For :		
Trade Receivables	-	-
Other Receivables, Loans & Advances	(2,071)	(4,870)
Trade & Other payable	(737)	(4,548)
<b>Cash Generation from Operations</b>	<b>(32,675)</b>	<b>(47,088)</b>
Direct Taxes	135	(322)
<b>Net Cash Flow from operating activities</b>	<b>(32,540)</b>	<b>(47,410)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets and Advances	70	(1,903)
Increase in Intangible Assets under development	(5,454)	(3,441)
Increase in Capital Work in Progress	(21,638)	(38,594)
Purchase/Sale of Investment (Net)	-	-
Capital Advances Given	(68,204)	-
Interest Received	4,054	11,112
<b>Net Cash used in investing activities</b>	<b>(91,172)</b>	<b>(32,826)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Issue	-	15,302
Share Application Money Received	-	-
Finance charges & Others	(46)	(24)
<b>Net Cash used in financing activities</b>	<b>(46)</b>	<b>15,278</b>
<b>D. Net Change In Cash And Cash Equilants (A+B+C)</b>	<b>(1,23,758)</b>	<b>(64,958)</b>
Cash and Cash Equivalents (Opening)	1,69,002	2,33,960
Cash and Cash Equivalents (Closing)	45,244	1,69,002

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 : 21st May 2019

For and on behalf of Board of Directors

**Pratima Ram**  
Chairman

**K.Karunakaran**  
Chief Financial Officer

**Sandeep Lakhwara**  
Managing Director

**S.Subramaniam**  
Company Secretary

**DECCAN GOLD MINES LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019****A. Equity share capital**

	Number	Amount ('000)
<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>Balance as at 1 April 2018</b>	<b>9,33,27,375</b>	<b>93,327</b>
Changes in equity share capital during 2018-19	-	-
<b>Balance as at 31 March 2019</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 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	-	-	(29,871)	-	-	(29,871)
Other comprehensive income	-	-	131	-	-	131
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>
<b>Balance as at 1 April 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>
Received Further	-	-	-	-	-	-
Further Granted	-	-	-	-	-	-
Shares Issued	-	-	-	-	-	-
Profit for the year	-	-	(28,791)	-	-	(28,791)
Other comprehensive income	-	-	(202)	-	-	(202)
Total comprehensive income for the year	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>-</b>	<b>7,37,095</b>	<b>(3,41,119)</b>	<b>16,726</b>	<b>-</b>	<b>4,12,702</b>

Accompanying notes are forming part of financial statements

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- 34147Place : Mumbai  
Date : 21st May 2019

For and on behalf of Board of Directors

**Pratima Ram**  
Chairman**K.Karunakaran**  
Chief Financial Officer**Sandeep Lakhwara**  
Managing Director**S.Subramaniam**  
Company Secretary

# DECCAN GOLD MINES LIMITED

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## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

### 1. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2019

#### 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.

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:31. 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.

#### 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



**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.**

- 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, 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.

# DECCAN GOLD MINES LIMITED

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## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

### 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.

### 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

**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.**

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.

**N.Recent accounting pronouncements****Ind AS 116:**

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Statements) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profits and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is currently evaluating the impact on account of implementation of Ind AS 116 which might have significant impact on key profit & loss and balance sheet ratio i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc.

**L. Critical estimates and judgements –**

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying the Company's accounting policies.

# DECCAN GOLD MINES LIMITED

## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgement are:

- (i) Estimated useful life of PPE, investment property and intangible assets- Refer Note 2
- (ii) Probable outcome of matters included under Contingent Liabilities – Refer Note 27
- (iii) Estimation of Defined benefit obligation - Refer Note 24

### 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
<b>Balance as at 1 April 2018</b>	<b>1,161</b>	<b>868</b>	<b>3,673</b>	<b>721</b>	<b>1,728</b>	<b>8,151</b>
Additions	-	37	-	18	-	55
Acquisition through business combination	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluation increase	-	-	-	-	-	-
Net exchange differences	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>1,161</b>	<b>905</b>	<b>3,673</b>	<b>739</b>	<b>1,728</b>	<b>8,206</b>
Depreciation and impairment						
<b>Balance as at 1 April 2018</b>	<b>1,089</b>	<b>624</b>	<b>1,928</b>	<b>592</b>	<b>1,261</b>	<b>5,494</b>
Disposal	-	-	-	-	-	-
Net exchange differences	-	-	-	-	-	-
Depreciation	7	32	286	64	337	726
Balance as at 31 March 2019	1,096	656	2,214	656	1,598	6,220
<b>Carrying amount as at 31 March 2019</b>	<b>65</b>	<b>249</b>	<b>1,459</b>	<b>83</b>	<b>130</b>	<b>1,986</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
<b>Gross carrying amount</b>						
<b>Balance as at 1 April 2017</b>	<b>1,161</b>	<b>856</b>	<b>3,673</b>	<b>721</b>	<b>1,600</b>	<b>8,011</b>
Additions	-	12	-	-	128	140
Acquisition through business combination	-	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-	-
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						
<b>Balance as at 1 April 2017</b>	<b>1,082</b>	<b>595</b>	<b>1,642</b>	<b>528</b>	<b>833</b>	<b>4,680</b>
Net exchange differences	-	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-	-
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>
<b>Carrying amount as at 1 April 2017</b>	<b>79</b>	<b>261</b>	<b>2,031</b>	<b>193</b>	<b>767</b>	<b>3,331</b>

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.**Note - 2 :****B) Capital Work In Progress**

Particulars	(Amount in Rs. In '000)
Development of Ganajur Gold Mines	
Opening Balance as on 01/04/2018	2,94,605
Expenditure during the year	21,638
Less: Adjustment during the year	-
Closing balance as on 31/03/2019	3,16,243

Particulars	(Amount in Rs. In '000)
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

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

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

<b>Computer Software</b>	
<b>Gross carrying amount</b>	
Balance as at 1 April 2018	5,843
Additions	-
Acquisition through business combination	-
Disposals	-
Revaluation increase	-
Net exchange differences	-
Balance as at 31 March 2019	<b>5,843</b>
<b>Depreciation and impairment</b>	
Balance as at 1 April 2018	2,856
Disposal	-
Net exchange differences	-
Depreciation	1,822
Balance as at 31 March 2019	<b>4,678</b>
<b>Carrying amount as at 31 March 2019</b>	<b>1,165</b>
<b>Gross carrying amount</b>	
Balance as at 1 April 2017	4,080
Additions	1,763
Acquisition through business combination	-
Held for sale or included in disposal group	-
Net exchange differences	-
Balance as at 31 March 2018	<b>5,843</b>
<b>Depreciation and impairment</b>	
Balance as at 1 April 2017	1,570
Net exchange differences	-
Held for sale or included in disposal group	-
Depreciation	1,286
Balance as at 31 March 2018	2,856
<b>Carrying amount as at 31 March 2018</b>	<b>2,987</b>
<b>Carrying amount as at 1 April 2017</b>	<b>2,510</b>

# DECCAN GOLD MINES LIMITED

## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

### 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 2018	25,086
Additions	5,454
<b>Balance as at 31 March 2019</b>	<b>30,540</b>
<b>Carrying amount as at 31 March 2019</b>	<b>30,540</b>
Gross carrying amount	
Balance as at 1 April 2017	21,645
Additions	3,441
<b>Balance as at 31 March 2018</b>	<b>25,086</b>
<b>Carrying amount as at 31 March 2018</b>	<b>25,086</b>
<b>Carrying amount as at 1 April 2017</b>	<b>21,645</b>

	31st March, 2019	31st March, 2018
<b>Note - 3 : Loans</b>		
Security Deposits	7,709	7,834
Unsecured, considered good	-	-
<b>Total</b>	<b>7,709</b>	<b>7,834</b>
<b>Note - 4 : Other Non-Current Assets</b>		
Capital Advances	68,204	-
<b>Total</b>	<b>68,204</b>	<b>-</b>
<b>Note - 5 : Trade Receivables</b>		
Unsecured, Considered Good	156	156
Due from Subsidiary Co.	-	-
<b>Total</b>	<b>156</b>	<b>156</b>
<b>Note - 6 : Cash and cash equivalents</b>		
<b>Balances with banks</b>		
Balance with Banks	35,007	64,695
Bank deposits not having maturity more than 12 months	10,161	1,04,280
Cash on hand	75	27
<b>Total</b>	<b>45,244</b>	<b>1,69,002</b>
Earmarked Balance with banks for unclaimed dividend		
Balance with banks to the extent held as margin money		
<b>Note - 7 : Current Tax Assets</b>		
Balance with Income Tax Authorities	2,692	2,827
<b>Total</b>	<b>2,692</b>	<b>2,827</b>
<b>Note - 8 : Other current assets</b>		
<b>Advances other than Capital Advances</b>		
-To Others	6,743	6,812
Balance with Government authorities:		
-Other than Income Tax	30,902	28,749
Prepaid Expenses	301	329
Interest Receivable	356	341
<b>Total</b>	<b>38,302</b>	<b>36,231</b>

**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.****Note 9: Share Capital**

A	Authorised Share Capital	Equity Share	
		Number	Amount ('000)
	Beginning of the year at 1 April 2017	25,00,00,000	2,50,000
	Increase/(decrease) during the year	-	-
	<b>Total shares authorised as at 31 March 2018</b>	<b>25,00,00,000</b>	<b>2,50,000</b>
	Total shares authorised as at 1 April 2018	25,00,00,000	2,50,000
	Increase/(decrease) during the year	-	-
	<b>Total authorised share capital as at 31 March 2019</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 ('000)
	Balance as at 1 April 2017	9,06,77,375	90,677
	Changes during the period	26,50,000	2,650
	<b>Balance as at 31 March 2018</b>	<b>9,33,27,375</b>	<b>93,327</b>
	Balance as at 1 April 2018	9,33,27,375	93,327
	Changes during the period	-	-
	<b>Shares issued and fully paid as at 31 March 2019</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, 2019	31st March, 2018
-	-

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

Name of the shareholder	31st March, 2019		31st March, 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Rama Mines (Mauritius) Limited	2,50,97,868	26.89%	2,52,34,068	27.04%

**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 during October, 2015. Under the amended Scheme, the number of stock options reserved for grant has been revised

# DECCAN GOLD MINES LIMITED

## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

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 10 - Other Equity:

	As at 31 March 2019	As at 31 March 2018
<b>Share Application Money Pending Allotment</b>		
Opening Balance	-	3,248
(+) Further received	-	15,302
(-) Transfer Pursuant to Allotment	-	(18,550)
Closing Balance	-	-
<b>Employee Stock Option Outstanding</b>		
Opening Balance	-	72,720
(+) Further Granted	-	-
(-) Transfer Pursuant to Allotment	-	(72,720)
Closing Balance	-	-
<b>Capital Reserves</b>		
Opening Balance	16,726	16,726
(+)/(-) Transfer	-	-
Closing Balance	16,726	16,726
<b>Securities Premium Account</b>		
Opening Balance	7,37,095	6,48,475
(+)/(-) Transfer	-	88,620
Closing Balance	7,37,095	7,37,095
<b>Retained Earnings</b>		
Opening balance	(3,12,126)	(2,82,386)
(+) Net Profit / (Net Loss) for the current year	(28,791)	(29,871)
Defined benefit plan actuarial gains(losses)	(202)	131
Closing Balance	(3,41,119)	(3,12,126)
<b>Total</b>	<b>4,12,702</b>	<b>4,41,695</b>
<b>Note - 11 : Employee Benefits</b>		
Gratuity	3,692	2,912
<b>Total</b>	<b>3,692</b>	<b>2,912</b>



NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

(Rs.in '000)

	31st March, 2019	31st March, 2018
<b>Note - 12 : Deferred tax Liability (Net)</b>		
<b>Deferred tax liability</b>		
Net Block as per Companies Act	3,047	5,493
Net Block as per Income Tax Act	3,349	4,588
Difference	302	(905)
<b>Deferred tax liability (A)</b>	<b>(79)</b>	<b>235</b>
<b>Deferred tax assets</b>		
Disallowances u/s 40(a) & 43B	96	108
<b>Deferred tax assets (B)</b>	<b>25</b>	<b>28</b>
<b>Net Deferred Tax (Liability) (Closing)</b>	<b>-</b>	<b>207</b>
<b>Note - 13 : Trade payables</b>		
<b>Unsecured :</b>		
Micro, Small and Medium Enterprises	-	-
Due to Holding Company	-	-
Due to Others	896	1,486
<b>Total</b>	<b>896</b>	<b>1,486</b>
<b>Note - 14 : Other Financial Liabilities</b>		
Outstanding Expenses	465	310
	<b>465</b>	<b>310</b>
<b>Note - 15 : Other Current Liabilities</b>		
Statutory dues	1,066	1,368
<b>Total</b>	<b>1,066</b>	<b>1,368</b>
<b>Note - 16 : Provisions</b>		
<b>Provision for employee benefits :</b>		
Gratuity	92	80
<b>Total</b>	<b>92</b>	<b>80</b>

	For the year ended 31st March 2019	For the year ended 31st March 2018
<b>Note - 17 : Other income</b>		
Interest Income	4,054	11,112
Miscellaneous Income	-	-
<b>Total</b>	<b>4,054</b>	<b>11,112</b>
<b>Note - 18 : Employee benefit expenses</b>		
Salaries & wages	10,281	13,791
Contributions to provident and other fund	591	1,418
Expenses on Employee Stock Option Scheme	-	-
Staff welfare expenses	767	529
<b>Total</b>	<b>11,639</b>	<b>15,738</b>

## DECCAN GOLD MINES LIMITED

### NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

(Rs.in '000)

	For the year ended 31st March 2019	For the year ended 31st March 2018
<b>Note - 19 : Finance costs</b>		
Interest expense	-	15
Bank Charges	46	9
<b>Total</b>	<b>46</b>	<b>24</b>
<b>Note - 20 : Depreciation &amp; Amortization Expenses</b>		
Depreciation on Tangible Assets	726	814
Depreciation on Intangible Assets	1,822	1,286
<b>Total</b>	<b>2,548</b>	<b>2,100</b>
<b>Note - 21 : Other expenses</b>		
Electricity Expenses	520	280
Listing Fees	500	571
Rent	2,731	3,229
Rates and taxes	110	742
Repair and maintenance	82	81
Director Remuneration	8,400	8,400
Advertising and business promotion	243	73
Traveling and conveyance	340	697
Communication Expenses	496	620
Legal and professional fees	2,372	5,489
Director Sitting Fees	455	465
Auditor's remuneration	165	230
Membership & Subscription	154	494
Miscellaneous expenses	2,253	1,979
<b>Total</b>	<b>18,819</b>	<b>23,350</b>
<b>Payments to auditor</b>		
For Audit Fee	165	165
For Certification & Others	-	65
<b>Total</b>	<b>165</b>	<b>230</b>

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

(Rs.in '000)

	For the year ended 31st March 2019	For the year ended 31st March 2018
<b>Note - 22 : Exceptional/Prior Period Items</b>		
Excess of Income Tax Provision Withdrawn	-	-
Penal Interest and Other Expenses	-	-
<b>Net Expenditure/(Income)</b>	<b>-</b>	<b>-</b>
<b>Note - 23 : Deferred Tax</b>		
Net Deferred Tax Liability(Closing)	-	207
Less:Net Deferred Tax Liability(Opening)	207	436
	<b>(207)</b>	<b>(229)</b>

**Note - 24:** 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	
	2018-19	2018-19
Defined Benefit Obligation at the beginning of the year	2,884	1,654
Current Service Cost	307	229
Interest Cost	214	116
Past Service Cost	-	1014
Actuarial (Gain)/Loss	283	(129)
Defined Benefit Obligation at the end of the year	3,688	2,884

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

Particulars	Gratuity Funded	
	2018-19	2017-18
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	-	-

# DECCAN GOLD MINES LIMITED

## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

(Rs.in '000)

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

Particulars	Gratuity Funded	
	2018-19	2017-18
Fair Value of Plan Assets	-	-
Present Value of Obligation	3,688	2,884
Amount recognised in Balance Sheet (Surplus/(Deficiet))	3,688	2,884

### 4) Expenses recognised during the year

Particulars	Gratuity Funded	
	2018-19	2017-18
In Income Statement	-	-
Current Service Cost	307	229
Interest Cost	214	116
Return on Plan Assets	-	-
Past Service Cost	-	1,014
Net Cost	521	1,359
In Other Comprehensive Income		
Acturial (Gain)/Loss	283	(129)
Net (Income) / Expense for the period Recognised in OCI	804	1,230

### 5) Acturial Assumptions

Particulars	Gratuity Funded	
	2018-19	2017-18
Discount Rate(per annum)	7.35%	7.55%
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, 2019		As at 31st March, 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate(delta effect of +/-0.5%)	3,806	3,577	2,978	2,794
Change in rate of Salary increase(delta effect of +/-0.5%)	3,641	3,722	2,853	2,952

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.

**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.****Note - 25. 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	K.R. Krishnamurthy	Director& Chairman( Upto 30.04.2019)
4	V.K. Gaur	Director
5	Pratima Ram	Chairman( From 01.05.2019)
6	Govind Samant	Director
7	Dr. Modali Hanuma Prasad	Director
8	Kaushik Mukherjee	Director
9	Natesan Chinnapan	Director( From 12.04.19)
10	K. Karunakaran	Chief Financial Officer
11	S. Subramaniam	Company Secretary

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

(Amount in '000)

Sr.No.	Nature	Year ended 31, March'2019	Year ended 31, March'2018
1	Reimbursement of Exploration Expenses Received from Subsidiary (Excluding Taxes)	6,282	8,214
2	Investment in Shares of Subsidiary	NIL	87,285
3	Advances received back from Subsidiary	NIL	NIL
4	Managerial Remuneration paid to director	8,400	8,400
5	Directors Sitting Fees & Audit Committee fees	455	355
6	Remuneration paid to CFO	3,150	3,150
7	Remuneration paid to CS	3,990	3,990

**Note - 26 :The particulars of Foreign Exchange Earnings and Expenditure are:****Earnings:**

	Particulars	31st March,2019	31st March,2018
i	Exports	Nil	Nil

**Expenditure:**

Particulars	31st March,2019	31st March,2018
i Import of Materials	Nil	Nil
ii Professional Fees	1,689	12,597
iii Analysis Charges	-	-
iv Travelling & Other Expense	-	35
<b>Total</b>	<b>1,689</b>	<b>12,632</b>

# DECCAN GOLD MINES LIMITED

## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

### Note-27 CONTINGENT LIABILITIES NOT PROVIDED FOR:

SL	Particulars	March 31, 2019	March 31, 2018
a)	Capital Commitments	NIL	NIL
b)	Claims against company not acknowledged as debts	NIL	NIL
c)	Contingent Liabilities	NIL	NIL

### Note-28 Earning Per Share

SL	Particulars	March 31, 2019	March 31, 2018
a)	Net Profit available for Equity Shareholders (Rs in Thousands)	(28,993)	(29,740)
b)	Weighted Average Number of Shares	9,33,27,375	9,24,46,538
c)	Basic Earning Per Share (in Rs.)	(0.31)	(0.32)
d)	Diluted Earning Per Share (in Rs.)	(0.31)	(0.32)

### Note - 29: 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	01/04/2018 to 31/03/2019	01/04/2017 to 31/03/2018
Options outstanding at the beginning of the year	Nil	11,50,000
Options granted during the year	Nil	Nil
Options vested during the year	Nil	Nil
Exercised during the year	Nil	11,50,000
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	Nil
Options unvested at the end of the year	NIL	NIL

**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.****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	01/04/2018 to 31/03/2019	01/04/2017 to 31/03/2018
Options outstanding at the beginning of the year	Nil	15,00,000
Options granted during the year	Nil	Nil
Options vested during the year	Nil	Nil
Exercised during the year	Nil	15,00,000
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	Nil
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. Nil) & Deferred Employee Compensation account Rs NIL (PY Rs Nil). Employee Compensation Expenses amounting to Rs. Nil (PY Rs.Nil) is included under the head Salaries and other benefits

**Note - 30 :**

"During Financial 2013-14, Geomysore Services (India) Private Limited (GMSI), a Bangalore-based gold exploration company approached Deccan Gold Mines Limited (DGML) for being taken over as a wholly-owned subsidiary. The Board of Directors of DGML at their meeting held on 27 August, 2013 decided to consider the offer of GMSI. After completion of the necessary due diligence on GMSI, the Board of Directors of DGML, at their meeting held on 3 December, 2013 accorded their 'in-principle' approval to amalgamate Australian Indian Resources Limited (AIR), Australia with DGML pursuant to a Scheme of Arrangement under the provisions of Sections 391-394 of the Companies Act, 1956. It may be noted that AIR held 38.80% stake in GMSI at that point in time. Under this arrangement, DGML also proposes to acquire the balance of 61.20% stake from the other resident /non-resident shareholders of GMSI on the same terms as offered to AIR. Upon the acquisition of shares as aforesaid, GMSI would become a wholly-owned subsidiary of DGML. The Board also authorised the Managing Director of DGML to do the needful in this regard including appointment of merchant bankers and valuation experts to carry out the valuation exercise.

Accordingly, the valuation of the projects of DGML and GMSI are underway and DGML is also evaluating the proposal from an Australian perspective since the proposal involves the amalgamation of an Australian Company into DGML.

# DECCAN GOLD MINES LIMITED

## NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.

The proposal is subject to the final approval of the Boards of DGML and AIR / GMSI of the proposed terms of the amalgamation including but not limited to the relevant valuation of shares and the share exchange ratio.

### Note - 31: 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.

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 31.03.2019 is as under: (Amount in Rs)

<b>Proceeds from Rights Issue</b>		
<b>Opening balance as on 01.04.2018</b>		<b>2,78,92,514</b>
Amount Utilized:		
Expenses for the issue		
Rights Issue expenses		
General Corporate Purposes:		
Staff cost and other administration Expenses	2,24,38,688	
Exploration expenses and other expenses	54,53,826	
<b>Total:</b>	<b>2,78,92,514</b>	
<b>Closing balance of Rights Issue proceeds as on 31.3.2019</b>		<b>NIL</b>

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	
<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>



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**NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019.**


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**Note 32: Fair Value measurement****Financial Instrument by category and hierarchy**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**The following methods and assumptions were used to estimate the fair values:**

1. Fair value of cash and short-term deposits, trade and other short-term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The fair values for loans, security deposits and investment in preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

**Note 33: Financial Risk Management****Financial risk management objectives and policies**

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through the managing board, which evaluates and exercises independent control over the entire process of market risk management. The managing board recommend risk management objectives and policies, which are approved by Senior Management.

**Market Risk- Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

**Note 34: Capital risk management****(a) Risk Management**

The Company aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to

## DECCAN GOLD MINES LIMITED

risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary, adjust, its capital structure.

**Note - 35: 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.	87.07	4,40,589	16.47	(4,744)	Cannot be calculated	81	16.083	(4,663)

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 : 21st May 2019

For and on behalf of Board of Directors

**Pratima Ram**  
Chairman

**K.Karunakaran**  
Chief Financial Officer

**Sandeep Lakhwara**  
Managing Director

**S.Subramaniam**  
Company Secretary

## NOTES

This image shows a full page of a handwriting practice worksheet. It consists of multiple horizontal rows, each defined by two parallel dotted lines. The rows are evenly spaced and extend across the entire width of the page, providing a guide for letter height and placement. There is no text or other markings on the page.

## NOTES

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