



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at Wodehouse Gymkhana, 182 Maharshi Karve Road, Mumbai 400 021 on Tuesday 27th December 2005 at 11.00 a.m. to transact the following ordinary business:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2005 and the Profit and Loss Account made upto that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Charles E E Devenish who retires from the office by rotation, and being eligible offers for reappointment.
3. To appoint a Director in place of Mr. K.R. Krishnamurthy who retires from the office by rotation, and being eligible offers for reappointment.
4. To reappoint the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board

Bangalore
28th November 2005

Manoj Deshmukh
Head-Legal & Company Secretary



NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. Members are requested to send all their documents and communication pertaining to shares to Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup West, Mumbai- 400 078, Telephone No. 91 22 55555454, Fax- 91 22 55555353, E-mail- isrl@vsnl.com for both physical and demat segment of Equity Shares. Please quote on all correspondence – Unit- Deccan Gold Mines Limited.
3. Members are requested to notify changes in addresses, if any, immediately to Intime Spectrum Registry Limited, Share Transfer Agents of the Company, quoting their folio numbers.
4. Pursuant to the provisions of Clause 49 of the Listing Agreement, details of Directors seeking re-appointment at the Annual General Meeting is given herewith.
5. Members / Proxies attending the Meeting are requested to bring their copy of the Annual Report for the reference at the Meeting and also the Attendance Slip duly filled in for attending the meeting.
6. Register of members and share transfer books will remain closed from Wednesday, 21st December 2005 to Tuesday, 27th December 2005 (both days inclusive).

Details of Directors seeking re-appointment in the Annual General Meeting

Name of the Director	Date of Birth	Date of Appointment	Expertise in	Qualification	Other Directorships Chairman/Member of Committees
Mr. Charles E E Devenish	20.10.1940	21.01.2003	Gold Exploration		Chairman- 1.Australian Indian Resources Pty Ltd 2.Rama Mines NL (Australia) 3.Rama Mines (Mauritius) Ltd 4.Western Goldsmiths Pty Ltd 5.Paramount Mining Corp Ltd
Mr. K R Krishnamurthy	05.03.1939	24.04.2004	Mining Engineering	B.Sc., AMIE, C.Eng	Nil

By Order of the Board

Bangalore
28th November 2005

Manoj Deshmukh
Head-Legal & Company Secretary



DIRECTORS' REPORT

We have pleasure in presenting Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st March 2005. The summarised financial results are given below.

FINANCIAL RESULTS

(Rs. in '000s)

Particulars	2004-05	2003-04
Total Income	785	—
Profit/(Loss) before Taxation	(5972)	(2946)
Profit/ (Loss) after Tax	(5972)	(2946)
Balance brought forward	(3726)	(779)
Balance transferred to Balance Sheet	(9699)	(3726)

During the year, the Company incurred Rs. 165.16 lacs on exploration activities and Rs. 67.57 lacs on administrative and other expenses. The entire amount spent on exploration activities has been transferred to pre-operative expenses.

CAPITAL STRUCTURE

During the financial year under review, the share capital of the Company remained unaltered.

CONSOLIDATED FINANCIAL STATEMENTS

As stipulated in the Listing Agreement with the Bombay Stock Exchange Limited, the consolidated financial statements have been prepared by the Company in accordance with the relevant accounting standards issued by the Institute of Chartered Accountants of India. The audited consolidated financial statements together with the Auditors Report thereon form part of the Annual Report. The consolidated loss of the Group for the year ended 31st March 2005 amounted to Rs. 59.74 lacs.

BUSINESS OPERATIONS AND OUTLOOK

Your Company has made applications and/or acquired control over a very large portfolio of exploration blocks covering an area of 10,403 sq kms spread in the states of Andhra Pradesh, Karnataka, Kerala and Rajasthan. Please refer to the segment titled "Exploration Permits and Applications" in this annual report for full particulars.

Your Company's focus of exploration activities over the last twelve months remained on two very highly prospective blocks- the Dharwar Shimoga exploration block spread over an area of 3453 sq km and the North Hutti block spread over an area of 501 sq km. Within these blocks, several potential gold bearing zones worthy of detailed investigation have been identified, and Prospecting License (PL) applications over these zones have been lodged. The grant of PL will enable your Company to undertake pitting, trenching and intensive core drilling in the gold bearing zones. Such activities are not permissible under Reconnaissance Permits granted to your Company or its associated entities.

Your company has appointed a dedicated team of personnel to follow up on the progress of these PL applications.

Full details on the results of our exploration activities is contained in the segment titled "Report on Exploration Activities" in this annual report. The total amount spent on exploration activities during the year amounted to Rs 165.16 lacs.

During the year, your Company entered into a "Technical Services and Option Agreement" with De Beers India Private Limited, the Indian subsidiary of the multinational De Beers Group, to utilize the latter's expertise in the exploration of diamonds in your Company's areas of exploration. Similarly, De Beers will utilize your Company's expertise in gold exploration in their areas of exploration. The purpose of this agreement is to identify potential gold and diamond deposits in the other company's areas of exploration which otherwise may not have been discovered.

During the year, your Company also commissioned its first dedicated Reverse Circulation (RC) drilling rig into service. The rig was acquired at a cost of about Rs 72 lacs. There is a severe shortage of reverse circulation drilling capacity in India. The rig has been extremely useful in identifying the gold bearing zones over which PL applications have been lodged. The operational cost of the rig has been approximately half of the costs quoted by outside contractors and the availability has been continuous.



Your Company's vision is to use the best available managerial, technical, and financial expertise to commence viable and socially responsible mining activities in the shortest possible time frame, thus creating shareholder value and providing additional support to the remote communities living in close proximity to your Company's areas of operations.

SUBSIDIARY

Indophil Resources Exploration Services (India) Private Limited became wholly owned subsidiary of the Company with effect from 3rd March 2005.

For the financial year 2004-05, Indophil incurred a loss of Rs. 0.05 lacs.

Indophil has total area of 2181.38 sq kms under its control which subject to statutory approvals, will be transferred to your Company.

REPORT ON SUBSIDIARY COMPANY

The Directors Report and audited accounts of the subsidiary Company are annexed to this Report along with the statement pursuant to Section 212 of the Companies Act, 1956.

DIRECTORS

There was no change in the Board of Directors of the Company during the period under review.

Mr. Charles E E Devenish and Mr. K R Krishnamurthy retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-election.

MANAGEMENT DISCUSSION AND ANALYSIS

The report, as required under the Listing Agreement with the Bombay Stock Exchange Limited, is presented in the following pages.

CORPORATE GOVERNANCE

Your Company strives to imbibe high standards of corporate governance while interacting with all its stakeholders. The Company has complied with the corporate governance code as stipulated under the Listing Agreement with the stock exchange. A separate section on corporate governance along with a certificate from the auditors confirming the level of compliance is annexed and forms a part of the Directors' Report.

AUDITORS

The retiring Auditors, M/S V K Beswal & Associates, Chartered Accountants, are eligible for reappointment and have indicated their willingness to act as such. Members are requested to re-appoint them as Auditors and fix their remuneration.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits during the financial year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby confirm as under:

- i) In preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- iii) Your Directors have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) Your Directors have prepared the Statement of Accounts for the year ended 31st March 2005 on a going concern basis.



PARTICULARS OF EMPLOYEES

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

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

- i. Conservation of Energy and Technology Absorption:

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

- ii. Foreign Exchange Earning & Outgo:

During the year under review, the Company did not have any foreign exchange earnings and outgo.

ACKNOWLEDGEMENTS

We take this opportunity to thank the employees for their contribution to the growth and success of the Company. We would also like to thank all other stakeholders and business associates for their support.

For and on behalf of the Board

**Bangalore
28th November 2005**

**Charles E. E. Devenish
Chairman**



Statement pursuant to Section 212 of the Companies Act, 1956 relating to Company's interest in the Subsidiary Indophil Resources Exploration Services (India) Private Limited

(Rs. in '000)

1.	The financial year of the subsidiary company ended on	31st March 2005
2.	Date from which it became subsidiary	3rd March 2005
3.	a) No. of shares held by Holding Company with its nominees in the subsidiary at the end of the financial year of the subsidiary	10,000
	b) Extent of interest of holding company at the end of the financial year of the subsidiary.	100%
4.	The net aggregate amount of the subsidiary's profit (loss) so far as it concerns the members	
	a) Not dealt with in holding company's accounts	
	i) For the financial year of the subsidiary	135
	ii) For the previous financial year of the subsidiary since it became the subsidiary of the company	Nil
	b) Dealt with in holding company accounts	
	i) For the financial year of the subsidiary	Nil
	ii) For the previous financial year of the subsidiary	Nil
5.	Changes in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and the end of the holding Company's financial year.	None
6.	Material changes between the end of the financial year of subsidiary and the end of holding Company's financial year in respect of	
	a) Subsidiary's fixed assets	None
	b) Its investments	None
	c) The monies lent by it	None
	d) The monies borrowed for the purpose other than meeting current liabilities.	None

* Consolidated accounts reflect the effect.

For and on behalf of the Board

Sandeep Lakhwara
Managing Director

Charles E. E. Devenish
Chairman

Ashok Gupta
Director

M. Ramakrishnan
Director

Bangalore
28th November 2005

Manoj Deshmukh
Head-Legal &
Company Secretary



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(A) INTRODUCTION

Deccan Gold Mines Limited is the only gold exploration Company in India listed on the Stock Exchange. It has been promoted by a group of Australian investors. It has under its control large tenements of gold prospects on which it is undertaking exploration activities with a view to discovering economically viable gold deposits for exploitation.

(B) INDUSTRY OVERVIEW

The gold exploration industry in India is limited to a few private companies and public sector undertakings like The Geological Surveys of India and Mineral Exploration Corporation Limited. The industry was opened to private sector and foreign direct investment about 10 years ago but the first exploration permits under the new regulations were only granted about 5 years ago. Estimates suggest that the total amount spent on exploration on precious metals exploration in India over the past 20 years has averaged a low US \$ 35 million per annum. By comparison, exploration companies in countries like Australia and Canada spend several hundred million dollars per annum. Exploration is the key to success in finding mineral deposits. Increasing exploration expenditure can add substantially to the wealth of the state and the nation as demonstrated by the following research.

A Western Australian Department of Treasury and Finance study undertaken a few years ago indicates that if mineral exploration investment were to increase by US \$100 million per annum and be maintained for 5 years, projected cumulative benefits over the next 20 years for the State would be \$10.4 billion in investment, \$45.8 billion in export revenue, \$32 billion in gross state product and \$1.7 billion in State Government revenue. All these, in addition to creation of several thousand new jobs and development of ancillary industrial units.

Gold was known to Indians 8000 years ago. Ancient India witnessed extensive prospecting and mining for gold. There are more than 800 old workings recorded. Geologically, the Indian terrain is largely comprised of precambrian rocks. Similar rocks are known to contain large quantities of gold in parts of Western Australia, Canada, South America and China. From a total of 1.27 million tonnes of gold metal produced in the world, 76,500 tonnes has come from Precambrian terrains. Yet the Indian gold production between 1967 and 1998 has been a meager 41 tonnes- 19 tonnes of which came from the Kolar Gold Fields, 2 tonnes from Ramagiri and about 20 tonnes from Hutti Gold Mines. India's current production is only 3 tonnes per annum from its only producing mine at Hutti and about 6 tonnes as a by- product of copper mining.

One reason for the low gold production in India has been lack of adequate exploration. The other reason has been 100% control of the industry by public sector undertakings until recent times. Another reason is that the mineral policy of the Government, particularly as it relates to precious metals, does not foster favorable investment into the exploration industry even after opening up the industry to private investment. The policy needs to be upgraded to fast track the conversion of Reconnaissance Permits (RP) into Prospecting Licences (PL), grant larger areas under Prospecting Licences, create a level playing field between the private companies and public sector undertakings, and ensure complete security of tenure for companies which have undertaken reconnaissance work under RP and later apply for PL. It is proposed that a professional independent regulatory body be appointed to replace the existing State and Central Government administration, and take over the monitoring of the Mining Regulations, the grant of permits and the operations of the industry.

Research undertaken by The World Gold Council indicates that gold heading beyond the \$500 mark per ounce is within the realms of reality with the twin US deficits marching forward unchecked. Weakness in the US dollar and a slowdown in the US economy will continue to help maintain the upward trend in gold prices. The robust nature of physical demand for gold also continues unabated with figures released for 2004 indicating world demand at 3496 tonnes and world supply at 3328 tonnes creating a shortfall of 169 tonnes of gold. A sharp rise in the demand from the net retail investment sector and exchange traded funds and similar category was recorded during the year.

India consumes about 800 tonnes of gold per annum. It is the largest consumer of gold in the world. There can be little doubt that the application of modern intense exploration methods for gold, funded by substantial amounts of private capital, in an investor friendly mineral policy environment, will result in the discovery and development of new gold resources to feed India's seemingly insatiable demand for the yellow metal. Deccan Gold is poised to play a major role in such discoveries.

(C) PERFORMANCE

A "Report on Exploration Activities" undertaken by Company during the year is contained in this annual report. Some of the highlights of these activities are the discovery of a 1.2 kilometre open ended zone of gold mineralization at Hirenagur in the North Hutti exploration block with the potential to develop a new open pit mine south east of the existing Hutti Gold Mine, identification of a probable gold resource of 190,000 ounces in the Ganajur Main Prospect in the Dharwar Shimoga exploration block, and the obtaining of strong evidence to indicate the existence of gold-bearing reefs extending a distance of 1 km out of the Hutti Gold Mine into your Company's North Hutti prospect.



Exploration activities remained focused on two highly prospective blocks- the Dharwar Shimoga exploration block spread over an area of 3453 sq km and the North Hutti block spread over an area of 501 sq km, whilst continuing to upgrade information on the South Hutti, Ramagiri and the Mangalur exploration blocks. Your company has identified several potential gold bearing zones within the larger exploration blocks and lodged Prospecting Licence applications to undertake detailed investigation of these zones. The grant of Prospecting Licence applications is now awaited. Information on these applications is contained in the section titled "Exploration Permits and Applications".

In addition, several Reconnaissance Permit applications have also been made, the first one amongst which was granted to your Company in the Pallakad district of the Attappadi valley in Kerala covering an area of 834 sq km where the Geological Survey of India has identified 9 distinct gold bearing zones, one of which is known to contain gold ore of 60,000 tonnes at an average grade of 13.63 g/t.

Your company has also entered into an agreement for the provision of technical services with De Beers India Private Limited to ascertain the potential for diamond bearing deposits in your Company's exploration blocks and for your Company to provide technical services to De Beers India Private Limited to ascertain the potential for gold bearing deposits in their exploration blocks in India.

During the year, your Company acquired a reverse circulation drilling rig at a cost of Rs 72 lacs. The rig has considerably helped our exploration effort in identifying gold bearing zones over which your company has lodged prospecting licence applications. The cost of drilling to your company has been approximately half of the costs it would have paid had the drilling been out sourced.

Your Company incurred a total expenditure of Rs. 165.16 lacs on exploration on its prospects for the year ended 31st March 2005. The amount of exploration expenditure incurred last year was Rs. 62.55 lacs.

Administrative and other costs for the year ended 31st March 2005 were Rs. 67.57 lacs compared to Rs. 29.47 lacs for the year ended 31st March 2004.

The net loss of the Company for the year ended 31st March 2005 was Rs. 59.72 lacs compared to Rs. 29.47 lacs for the year ended 31st March 2004. Exploration companies by their very nature will not generate mining revenues until commencement of mining operations.

Your Company's working capital funds as at 31st March 2005 were Rs. 105.21 lacs compared to Rs. 400.75 lacs for the year ended 31st March 2004. Whilst the present working capital is sufficient for the Company's foreseeable needs over the ensuing nine months, the Company is currently evaluating alternatives to secure additional future funding to supplement its working capital.

D) RISKS AND CONCERNS

Your Company is carrying out exploration activities on prospects which are yet to be transferred to your Company. The prospects will be transferred immediately upon execution of Prospecting Licences (PLs) in favour of Indophil Resources Exploration Services (India) Private Limited, now a 100% owned subsidiary of Deccan Gold Mines Limited and Geomysore Services India Private Limited, a company associated with Deccan Gold Mines Limited. Applications for the grant of PLs have been lodged by Indophil Resources Exploration Services (India) Private Limited and Geomysore Services India Private Limited with the various government authorities and in some cases have been pending with the authorities for more than a year. The progress of the PL applications is being monitored. Deccan Gold Mines Limited has received undertakings from these companies to transfer the PLs to the Company upon grant of PLs by the government authorities. The mining regulations permit the transfer of the PLs from one entity to another.

Your Company is exposed to many technical and operational risks, such as unexpected ground conditions, inclement weather, industrial disruptions and incorrect estimates of geology and ore resources that are associated with any exploration project. The Company's projects may sometimes involve long gestation periods. Exploration is a speculative endeavor that may never result in finding economic deposits. There is no guarantee that capital expended on exploration will result in further discoveries, or that such discoveries will be economically viable.

Changes in governments and their respective policies, bureaucratic processes that cause delays in the grant of approvals, a still developing private gold exploration sector with new regulations that are yet to be legally tested are just some of the risks that may affect investment.

The ability of the your Company to benefit from its investment in the exploration sector would be dependent on market factors that control the world market prices for gold. There are many variables in the world market price equation and for this



reason the gold prices may fluctuate over time. Investment and future returns or revenues will be exposed to these fluctuations. No assurance can be given that future funding will be available for the company on favorable terms or at all. If adequate funds are not available on acceptable terms the company may not be able to develop its projects.

Your directors however believe that they have adequate experience and access to expertise and capital sources that will enable the Company to successfully develop its projects.

(E) OUTLOOK AND OPPORTUNITIES

In the ensuing twelve months, your Company plans to undertake detailed investigation in gold bearing zones identified as a result of its broader reconnaissance exploration work over very large areas in the Dharwar Shimoga, and The North Hutti exploration blocks, subject to the grant of Prospecting Licences (PL) over these gold bearing zones, within the larger exploration blocks. Please refer to the section titled “Report on Exploration Activities” in this annual report for details of the zones (areas) over which Prospecting Licence applications have been lodged.

The PL, once granted, will enable your Company to undertake below surface investigations through various techniques, foremost amongst which will be drilling, to substantiate its initial findings on the existence of the gold bearing zones followed by studies to ascertain the economic viability of mining in the gold bearing zones.

Substantial efforts are being undertaken by your Company to ensure that the PLs are granted as soon as possible. In this respect, several representations have been made to the Central and State authorities, by your Company, the Federation of Indian Mineral Industries (FIMI) and other major companies in the exploration industry to fast track the process of granting PLs. The Central Government has set up a committee to address and rectify shortcomings in the mining regulations.

Efforts are also ongoing to ensure the availability of additional suitable drilling rigs and personnel to undertake drilling operations within the various gold bearing zones when required. Whilst core drilling rigs are generally available, there is a shortage of reverse circulation (RC) rigs in India. Your Company is therefore in talks with Australian drilling businesses who can assist with your Company’s drilling requirements in India. Your Company acquired an RC rig during the year at a cost of Rs 72 lacs which has considerably helped in identification of the potential gold bearing zones.

Your Company has been in discussions with potential international investors with a view to provide funds for further development of your Company’s projects. The Directors are of the opinion that such funding arrangement will be concluded in near future.

(F) ADEQUACY OF INTERNAL CONTROL

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

(G) SOCIAL RESPONSIBILITY

Exploration activities generally cause little or no environmental damage. The Company has been utilising the world’s best practices when undertaking exploration activities to ensure that the land is restored to its pre exploration stage. In addition, it plans to contribute to the restoration of degraded forests in India by providing a variety of trees and shrubs, many of them imported from Australia subject to customs and quarantine requirements.

We have already developed a nursery near Bangalore under guidance of an Australian expert, in association with a local farmer, with the purpose of growing Macadamia nut trees for distribution to other local farmers and villagers, who can then create new sources of income for themselves.

Apart from environmental measures, the Company’s activities provide ample opportunities for employment to the people residing in the areas surrounding the projects.

(H) CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company’s objectives, projections, estimates, expectations or predictions may be “forward looking statements” within the meaning of 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.



AUDITORS' REPORT ON CORPORATE GOVERNANCE

TO
THE MEMBERS,
DECCAN GOLD MINES LIMITED
(Formerly Wimper Trading Limited)

We have reviewed the implementation of Corporate Governance procedures by **DECCAN GOLD MINES LIMITED (FORMERLY WIMPER TRADING LIMITED)** during the year ended 31st March, 2005 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange, with relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of 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.

On the basis of our review and according to the information and explanations given to us, and the representations made by Directors and the Management, the conditions of Corporate Governance as stipulated in Corporate Governance Clause 49 of the Listing Agreement with the Stock Exchange have been complied with by the Company and that no Investor Grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Investor Grievance Committee. 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 V. K. BESWAL & ASSOCIATES
Chartered Accountants

Mumbai
28th November 2005

R.P. Laddha
Partner
M.NO.48195



REPORT ON CORPORATE GOVERNANCE

The Directors of the Company believe that good corporate governance improves company performance, enhances corporate social responsibility and benefits all stakeholders. Accordingly, the Board has established a corporate governance framework to ensure that these intentions are met and that all stakeholders are informed about the affairs of the Company.

A. BOARD OF DIRECTORS

1. Size and composition of the Board

The Board of Directors of the Company at present comprises of 1 Promoter Director (who is also the Non-executive Chairman) and 5 Non-promoter Directors of which 4 are Independent and Non-executive Directors.

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees (as specified in Clause 49 of Listing Agreement), in companies in which he is a Director. The necessary disclosures made by the Directors regarding Committee positions are as follows:

Name	Executive/Non-executive /Promoter/Independent	No of other Directorships	No of Outside Committees	
			Chairman	Member
Mr. Charles E. E. Devenish	Non-executive Chairman (Promoter)	5	Nil	Nil
Mr. Sandeep Lakhwara	Managing Director	4	Nil	Nil
Mr. Ashok Kumar Gupta	Non-executive, Independent	6	Nil	2
Dr. M. Ramakrishnan	Non-executive, Independent	1	Nil	Nil
Mr. K.R. Krishnamurthy	Non-executive, Independent	Nil	Nil	Nil
Prof. V.K. Gaur	Non-executive, Independent	Nil	Nil	Nil

2. Number and dates of Board Meetings, attendance at Board Meetings and previous Annual General Meeting:

The Company held 5 Board Meetings during the year under review. The Board met on April 24, 2004, July 31, 2004, October 26, 2004, January 22, 2005 and February 26, 2005. The attendance of each Director at the Board Meetings held during the year and at the last Annual General Meeting is tabulated below:

Name of the Director	No. of Board Meetings attended during the year	20 th Annual General meeting held on September 24, 2004
Mr. Charles E. E. Devenish	3	Yes
Mr. Sandeep Lakhwara	5	Yes
Mr. Ashok Kumar Gupta	5	Yes
Dr. M. Ramakrishnan	3	Yes
Mr. K.R. Krishnamurthy	4	Yes
Prof. V.K. Gaur	1	No

3. Availability of information to the members of the Board

The Board has unfettered and complete access to any information within the Company, and to any employee of the Company. At the meetings of the Board, it welcomes the presence of such persons who can provide additional insights into the items being discussed.



4. Board meetings and procedure

Agenda papers are circulated to the Directors, in advance, with proper explanatory notes for all the items on the agenda for facilitating meaningful, informed and focused discussions at the meeting. At the meeting, Directors review the overall performance of the Company, which is followed by discussion on the agenda. In addition to the matters statutorily required to be placed before the Board for its approval, all other matters of significant importance are considered by the Board. The gap between two Board meetings is never more than 4 months.

B. BOARD COMMITTEES

1. Audit Committee

The Company has an Audit Committee and the composition, terms of reference, role and the scope are in line with those prescribed by Clause 49 of the Listing Agreement with the Stock Exchange. The Company also complies with the provisions of Section 292A of the Companies Act, 1956 pertaining to the Audit Committee and its functions.

The Committee met four times during the year on April 24, 2004, July 31, 2004, October 26, 2004, January 22, 2005.

The present composition of the Audit Committee and the number of its meetings attended by the members is given below.

Name of Director	Designation	No. of meetings attended during the year
Mr.K.R. Krishnamurthy	Chairman	4
Dr. M. Ramakrishnan	Member	3
Mr. Charles E E Devenish	Member	2
Mr. K. Karunakaran	Member	4

Mr. Manoj Deshmukh, Company Secretary, acts as Secretary to the Committee.

2. Share Transfer and Shareholders/Investor Grievance Committee:

The Share Transfer and Shareholders/Investors grievance Committee comprises of following members:

Mr. K. R. Krishnamurthy - Chairman
 Dr. M. Ramakrishnan
 Mr. Sandeep Lakhwara

The Committee has the mandate to approve the share transfers and review and redress shareholder grievances and to attend to share transfers and other related matters.

During the year all the applications for transfer of shares were approved and the Certificates were dispatched within 30 days' time.

There were no shareholder complaints during the financial year 2004-05. The Committee met twice during the year to consider the transfer of shares.

3. Remuneration Committee/Remuneration paid to Directors

The Remuneration Committee comprises of the following members:

Mr. K. R. Krishnamurthy - Chairman
 Dr. M. Ramakrishnan
 Mr. Charles E. E. Devenish

All the above Directors are Non- executive and two are Independent.

Details of remuneration/sitting fees paid to all the Directors for the financial year under review is as follows:

- (i) The aggregate of salary paid in the financial year 2004-05 to Mr. Sandeep Lakhwara, Managing Director is Rs. 7,70,000.
- (ii) The details of sitting fees paid to other Directors during the financial year 2004-05 are as follows:

Name of Director	SITTING FEES PAID	
	Board Meetings	Committee Meetings
Mr.Ashok Kumar Gupta	Rs. 25000/-	NA
Dr. M. Ramakrishnan	Rs. 15000/-	Rs. 7500/-
Mr.K.R. Krishnamurthy	Rs. 20000/-	Rs. 10000/-
Prof. V.K. Gaur	Rs. 5000/-	NA



C. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

Details of Related Party Transaction are given in Note No. 6 of Schedule I of the Audited Accounts of the Company for the year ended 31st March 2005.

D. MANAGEMENT DISCUSSION AND ANALYSIS

Report on Management Discussion and Analysis is presented elsewhere in this Annual Report for the year ended March 31, 2005.

E. SHAREHOLDERS

1. Disclosures regarding appointment or re-appointment of Directors

Pursuant to the provisions of Section 255 of the Companies Act, 1956, Mr. Charles E E Devenish and Mr. K.R. Krishnamurthy shall retire by rotation in the forthcoming Annual General Meeting and are eligible for reappointment.

The detailed resumes of the aforesaid Directors proposed to be re-appointed are provided in the notice of the Annual General Meeting.

2. Communication to the Shareholders

The quarterly results of the Company are published in two newspapers in compliance with the provisions of Clause 41 of the Listing Agreement. Generally, the same are published in leading English and Marathi newspapers. As the results of the Company are published in newspapers, half-yearly reports are not sent to each household of shareholders. The quarterly results as well as the proceedings of the Annual General Meeting are submitted to the Bombay Stock Exchange Limited shortly after the conclusion of the respective meetings.

3. Investors' grievance and share transfers

As mentioned earlier, the Company has a Share Transfer and Investors Grievance Committee to examine and redress shareholders and investors' complaints. No shareholder complaint was received during the year.

For matters regarding shares transferred in physical form, share certificates, change of address, etc. shareholders should communicate with Intime Spectrum Registry Limited, the Company's registrar and share transfer agent. Their address is given in the section on Shareholder information. Mr. Manoj Deshmukh, Company Secretary is the Compliance officer of the Company.

4. Disclosures

There are no materially significant related party transactions i.e. transactions, material in nature, with its promoters, the Directors or the Management, their subsidiaries or relatives that potentially conflict with the interests of your Company at large.

There has been no non-compliance of any legal requirements by your Company; nor has there been any strictures imposed by the Stock Exchange or SEBI on any matters relating to the capital market during the financial year ended 31st March 2005.

5. General body meetings.

Details of last three Annual General Meetings are given hereunder.

Year	Date	Venue	Time
2002	September 28 2002	Air India Building, 14 th Floor, Nariman Point, Mumbai 400 021	11.00 a.m.
2003	September 30 2003	49A, Nariman Bhavan, Nariman Point, Mumbai 400 021	11.00a.m.
2004	September 24 2004	Walchand Hirachand Hall, 4th floor LNM IMC Building, Indian Merchants' Chambers Marg, Mumbai -400 020	3.00 p.m.

No special resolutions were passed in the last three Annual General Meetings.

6. Postal Ballots

No resolutions were passed by way of Postal Ballots during the year ended 31st March 2005



7. Shareholder Information

- | | |
|--|---|
| 1. Date, time and venue of Annual General Meeting of Shareholders to be held | 27 th December 2005 at 11.00 a.m.
Wodehouse Gymkhana,
182 Maharshi Karve Road,
Mumbai - 400 021 |
| 2. Book closure Date | 21 st December 2005 to 27 th December 2005
(both days inclusive) |
| 3. Dividend Payment Date | Nil |
| 4. Financial Calendar
(Tentative and subject to change) | |
| Financial Year | 1 st April 2005 to 31 st March 2006 |
| Financial reporting for: | |
| First Quarter results | End July 2005 |
| Second Quarter results | End October 2005 |
| Third Quarter results | End January 2006 |
| Last Quarter results | End April 2006 |
| Audited annual results | End September 2006 |
| 5. Listing on stock exchanges | Bombay Stock Exchange Limited |
| 6. Listing fees | Paid for year 2005-2006 |
| 7. Registered office | 49A, Nariman Bhawan,
Nariman Point,
Mumbai 400 021.
Tel.: (022) 22026026
Fax.: (022) 22020820
Email: info@deccangoldmines.com |
| 8. Registrar and Share Transfer agents | Intime Spectrum Registry Limited
Pannalal Silk Mills Compound,
C-13, L.B.S. Marg, Bhandup (West),
Mumbai 400 078.
Tel.: (022) 55555454
Fax.: (022) 55555353
Email: isrl@vsnl.com |
| 9. Share Transfer System | Shares sent for physical transfer are generally registered and returned within a period of 15-20 days from the date of receipt, if the documents are clear in all respects. The Share Transfer Committee of the Company meets as often as required. |
| 10. Investor Services complaints during the year | No Investor Grievance was received during the year. |



11. Stock Market price data

Monthly high and low at the Stock Exchange, Mumbai for financial year ended 31st March 2005

Month	High Rs.	Low Rs.	BSE Sensex	
			High	Low
April 2004	12.90	8.60	5979.25	5599.12
May 2004	14.70	8.00	5772.64	4227.50
June 2004	9.88	6.60	5012.52	4613.94
July 2004	8.48	6.80	5200.85	4723.04
August 2004	10.20	7.60	5269.22	5022.29
September 2004	13.64	7.00	5638.79	5178.57
October 2004	17.55	10.67	5803.82	5558.14
November 2004	17.30	13.10	6248.43	5649.03
December 2004	16.00	13.05	6617.15	6176.09
January 2005	15.70	11.00	6696.31	6069.33
February 2005	18.40	11.75	6721.08	6508.33
March 2005	17.50	11.60	6954.86	6321.31

12.

a) Distribution of Shareholding as on March 31, 2005

Distribution of Shareholding	No of Equity Shares	% of Equity Share	No. of Equity Share holders	% of Equity Share holders
Upto - 5000	5,071,628	9.86	5,534	93.75
5001 - 10000	1,551,763	3.02	196	3.32
10001 - 20000	1,185,963	2.30	80	1.36
20001-30000	631,775	1.23	25	0.42
30001 - 40000	566,006	1.1	16	0.27
40001 - 50000	729,348	1.42	15	0.25
50001 – 100000	1,747,605	3.39	24	0.41
100001 and above	39,965,912	77.68	13	0.22
Total	51,450,000	100	5,903	100

b) Category wise Distribution Schedule as on 31st March 2005

Sr. No.	Category	No of Shares held	%
1	Promoters	36,650,288	71.23
2	Non Resident Indians	591,638	1.15
3	Bodies Corporate	2,958,507	5.75
4	Indian Public	11,015,048	21.42
5	Foreign Institutional Investors	100,000	0.19
6	Others (Clearing Members)	134,519	0.26
	Total	51,450,000	100



13. Dematerialisation of shares and liquidity

Your Company has established the required connectivity with Central Depository Services (India) Limited and National Securities Depository Limited and the same are available in electronic segment under ISIN No. INE945F01025.

14. Address for correspondence

Deccan Gold Mines Limited
49A, Nariman Bhavan,
Nariman Point,
Mumbai 400021.

15. Stock Exchange Code : 512068



AUDITORS' REPORT

The Members,

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

We have audited the attached Balance Sheet of **DECCAN GOLD MINES LIMITED (FORMERLY WIMPER TRADING LIMITED)**, as at 31st March 2005 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, Profit & Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account.
 - d. In our opinion the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from directors as on 31st March, 2005 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (i) of section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2005, and
 - ii. In the case of Profit & Loss Account, of the **LOSS** of the company for the year ended on that date
 - iii. In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

For **V.K. BESWAL & ASSOCIATES**
Chartered Accountants

Mumbai
28th November 2005

R.P. Laddha
Partner
M.NO.48195

**RE: DECCAN GOLD MINES LIMITED (FORMERLY WIMPER TRADING LIMITED)****ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 2 of our report of even date)

- I. In respect of fixed assets:
 - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management at reasonable intervals during the year. We are informed that no material discrepancies were noticed by the management on such verification.
 - c) In our opinion and according to the information and explanation given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- II. As the Company has not purchased/sold goods during the year nor is there any opening stocks, requirement of reporting on physical verification of stocks or maintenance of inventory records in our opinion, does not arise.
- III. The Company has neither taken nor granted any loans or advances in the nature of loans from/to parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the question of reporting whether the terms and conditions of such loans are prejudicial to the interests of the company, whether reasonable steps for recovery/ repayment of over dues of such loans are taken does not arise.
- IV. Having regard to the nature of the Company's business and based on our scrutiny of the Company's records and the information and explanation received by us, we report that the Company's activities do not include purchase of inventory and sale of goods. In our opinion and according to information & explanation received by us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regard to purchase of fixed assets.
- V.
 - a) Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- VI. Based on our scrutiny of the Company's records and according to the information and explanations provided by the management, in our opinion, the company has not accepted any public deposits, within the meaning of section 58A of the Companies Act, 1956.
- VII. In our opinion, the Company has an internal audit system commensurate with the size of the company and the nature of its business.
- VIII. We have been informed by the management, no cost records have been prescribed under section 209(1)(d) of the Companies Act, 1956 in respect of the Company.
- IX. According to the information and explanation given to us in respect of statutory and other dues:
 - a. The Company is generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and other statutory dues with appropriate authorities when applicable and that there are no undisputed amounts payable on account of the aforesaid statutory dues outstanding as at 31st March, 2005 for a period of more than six months from the date they became payable;
 - b. There are no outstanding disputed statutory dues.



- X. The accumulated losses of the Company are not more than 50% of its net worth as at 31st March 2005. The Company has incurred a cash loss of Rs 45,29,596/- in the current financial year and Rs. 27,87,320/- in the financial year (immediately preceding financial year). In arriving at the accumulated losses and net worth as above, we have considered the qualifications which are quantifiable in the audit reports of the years to which these losses pertain.
- XI. According to the record of the Company, the Company has not borrowed any loan from financial institutions or banks or issued debentures till 31/3/2005. Hence, in our opinion the question of reporting on defaults in repayment of dues to financial institutions or bank or debenture holders does not arise.
- XII. According to the records of the Company, the company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is neither a Chit Fund nor a nidhi/mutual fund benefit society. Hence, in our opinion, the requirements of para 4(xiii) of the Order do not apply to the Company.
- XIV. As per the records of the company and the information and explanations given to us by the management, Company is not dealing or trading in shares, securities, and debentures and other investments.
- XV. According to the records of the Company and the information and explanations provided by the management, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI. According to the records of the Company, the Company has not taken any term loan. Hence, comments under the clause are not required.
- XVII. According to the information & explanation given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- XVIII. The Company has not made any preferential allotment of shares during the year.
- XIX. According to the records of the Company, the Company has not issued any debentures.
- XX. The Company has not raised any money by way of public issue during the year.
- XXI. Based upon the audit procedure performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **V.K. BESWAL & ASSOCIATES**
Chartered Accountants

Mumbai
28th November 2005

R.P. Laddha
Partner
M.NO.48195



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

BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedule	As at 31.03.2005 (Rs.'000)	As at 31.03.2004 (Rs.'000)
<u>A. SOURCES OF FUNDS :</u>			
Share holders fund :			
Share Capital	A	51,450.00	51,450.00
TOTAL		51,450.00	51,450.00
<u>B. APPLICATIONS OF FUND:</u>			
<u>FIXED ASSETS:</u>			
Gross Block	B	8,005.03	29.35
Less : Depreciation		1,286.68	1.64
Net Block		6,718.35	27.71
<u>INVESTMENTS:</u>			
	C	100.00	-
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
Cash & Bank Balances	D	1,294.71	45,981.30
Loans and Advances		11,385.71	540.76
		12,680.42	46,522.06
Less: Current Liabilities & Provisions	E	2,159.75	6,446.88
NET CURRENT ASSETS		10,520.67	40,075.18
Misc. Expenditure (to the extent not written off or adjusted)	F	1,641.07	1,366.06
Pre-operative Expenditure	G	22,771.17	6,254.63
		24,412.24	47,695.87
Profit & Loss Account		9,698.74	3,726.42
TOTAL		51,450.00	51,450.00

Significant Accounting Policies &
Notes to the Accounts
As per our report of even date

For **V. K. BESWAL & ASSOCIATES,**
Chartered Accountants

For and on behalf of the Board

R.P. Laddha
Partner
M.NO.48195

Sandeep Lakhwara
Managing Director

Charles E. E. Devenish
Chairman

Mumbai
28th November 2005

Ashok Gupta
Director

M.Ramakrishnan
Director

Bangalore
28th November 2005

Manoj Deshmukh
Head-Legal &
Company Secretary



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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedule	Year ended 31.03.2005 (Rs.'000)	Year ended 31.03.2004 (Rs.'000)
<u>INCOME</u>			
Operational Income			-
Interest received		784.86	-
		784.86	-
<u>EXPENDITURE</u>			
Administrative & Other Expenses	H	6,757.19	2,946.66
		6,757.19	2,946.66
Profit/(Loss) before taxation		(5,972.33)	(2,946.66)
Less: Provision for Taxation		-	-
Profit/(Loss) for the year		(5,972.33)	(2,946.66)
Add: Balance brought forward		(3,726.42)	(779.76)
Balance transferred to Balance Sheet		(9,698.75)	(3,726.42)
Earnings Per Share (in Rs.)		(0.12)	(0.06)

Significant Accounting Policies &
Notes to the Accounts
As per our report of even date

For **V. K. BESWAL & ASSOCIATES,**
Chartered Accountants

R.P. Laddha
Partner
M.NO.48195

Mumbai
28th November 2005

I

For and on behalf of the Board

Sandeep Lakhwara
Managing Director

Charles E. E. Devenish
Chairman

Ashok Gupta
Director

M.Ramakrishnan
Director

Bangalore
28th November 2005

Manoj Deshmukh
Head-Legal &
Company Secretary



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

SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2005 (Rs.'000)	As at 31.03.2004 (Rs.'000)
<u>SCHEDULE 'A'</u>		
SHARE CAPITAL :		
Authorised 6,00,00,000 (PY 6,00,00,000)		
Equity Shares of Rs.1/- each	60,000.00	60,000.00
	60,000.00	60,000.00
Issued,Subscribed and paid up :		
5,14,50,000 (PY 5,14,50,000) Equity Shares of		
Rs.1/- each fully paid up	51,450.00	51,450.00
	51,450.00	51,450.00

SCHEDULE 'B'

FIXED ASSETS

Sr. No.	DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
		Cost As at 01.04.2004	Addition during the year	Total Cost as at 31.03.2005	Upto 31.03.04	For the Year	Deduction for the year	Upto 31.03.05	As at 31.03.05	As at 31.03.04
1	Furniture	-	179.24	179.24	-	7.81	-	7.81	171.43	-
2	Office Eqp.	-	6.64	6.64	-	0.22	-	0.22	6.42	-
3	Plant & Mach.	-	7,246.27	7,246.27	-	1,209.04	-	1,209.04	6,037.24	-
4	Computer	29.35	41.43	70.78	1.64	24.87	-	26.51	44.27	27.71
5	Motor Car	-	502.09	502.09	-	43.09	-	43.09	459.00	-
	TOTAL	29.35	7,975.68	8,005.03	1.64	1,285.03	-	1,286.68	6,718.35	27.71
	Previous Year	-	29.35	29.35	-	1.64	-	1.64	27.71	

SCHEDULE 'C'

INVESTMENTS :

Share of Indophil Resources Exploration Services(I) Pvt. Ltd.
10,000 Shares of Rs. 10 each fully paid

	100.00	-
	100.00	-

SCHEDULE 'D'

CURRENT ASSETS, LOANS & ADVANCES:

Current Assets:

Balance with Standard Chartered Bank in Current Account
Cash in Hand

	1,244.22	45,981.30
	50.49	-
	1,294.71	45,981.30

Loans & Advances

(Unsecured, considered good)
Advances recoverable in cash or kind or for value to be received

	11,385.71	540.76
	12,680.42	46,522.06

SCHEDULE 'E'

CURRENT LIABILITIES:

Sundry Creditors

	2,159.75	6,446.88
	2,159.75	6,446.88



	As at 31.03.2005 (Rs.'000)	As at 31.03.2004 (Rs.'000)
<u>SCHEDULE 'F'</u>		
<u>MISCELLANEOUS EXPENDITURE</u>		
PRELIMINARY EXPENSES:		
Opening Balance	473.10	630.80
Less : 1/5 written off during the year	157.70	157.70
	315.40	473.10
Rights Issue and Other expenses	1,325.67	892.96
	1,641.07	1,366.06
<u>SCHEDULE 'G'</u>		
<u>PRE-OPERATIVE EXPENDITURE:</u>		
Exploration expenses	22,771.17	6,254.63
	22,771.17	6,254.63
<u>SCHEDULE 'H'</u>		
<u>ADMINISTRATIVE & OTHER EXPENSES:</u>		
Salaries & Other benefits	1476.50	258.26
Staff Welfare	103.28	106.12
Books & Periodicals	14.74	12.36
Bank Charges	1.93	3.48
Business Promotion Expenses	50.24	5.95
Travelling & Conveyance	298.57	94.82
Electricity charges	30.04	3.73
Membership & Subscription	87.40	88.56
Repair & Maintenance	182.07	11.01
Telephone Expenses	38.87	27.18
Postage & Telegram	57.10	23.58
Car Expenses	10.68	7.53
Rent,Rates & Taxes	532.35	148.56
Advertisements	22.70	46.71
<u>Auditors' Remuneration:-</u>		
Audit Fees	33.88	32.40
Directors' Sitting Fees	72.50	40.00
Legal & Professional Fees	2039.98	1813.50
Printing & Stationery	184.60	48.29
Filing Fees	1.24	-
Listing Fee	26.30	10.00
Sundry Expenses	49.49	5.28
Depreciation	1285.03	1.64
Preliminary Expenses w/off	157.70	157.70
	6757.19	2946.66

**SCHEDULE 'I'****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO ACCOUNTS AS AT 31ST MARCH, 2005****STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****A. Basis of accounting**

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

B. Fixed Assets:

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

C. Depreciation:

Depreciation is provided as per Written Down Value prescribed under Schedule XIV of the Companies Act, 1956.

D. Impairment:

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

E. Investments:

Long Term investments are valued at cost.

F. Taxes on income

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

NOTES TO THE ACCOUNTS:

1. Capital Commitments	Nil	(Nil)
2. Claims made against the Company but not acknowledged as debts	Nil	(Nil)
3. Contingent Liabilities	Nil	(Nil)
4. Figures of the previous year have been regrouped/rearranged wherever necessary to make them comparable with current year's figures.		
5. Additional information pursuant to para 3 & 4 of para II of schedule VI of the Companies Act, 1956.		
	(Rs. in thousand)	
a) Expenditure in foreign currency	Nil	(Nil)
b) Earning in foreign currency	Nil	(Nil)
c) Payment to Auditors:-		
- Audit Fees	33.88	(32.40)



6. Related party disclosure

a. Name of related parties and relationship

Sr. No.	Name of the Party	Relationship
1	Indophil Resources Exploration Services (India) Pvt. Ltd.	Wholly Owned Subsidiary
2	Sandeep Lakhwara	Managing Director
3	Charles E E Devenish	Chairman
4	Ashok Kumar Gupta	Director
5	K.R. Krishnamurthy	Director
6	Dr. M. Ramkrishnan	Director
7	V.K. Gaur	Director
8	Australian Indian Resources Pty Ltd	Having Common Director
9	Rama Mines NL (Australia)	Having Common Director
10	Rama Mines (Mauritius) Ltd.	Having Common Director
11	Lakhwara Consultants Pty Ltd.	Having Common Director
12	Western Goldsmiths Pty Ltd.	Having Common Director
13	Dewan Housing Finance Corp Ltd.	Having Common Director
14	ING Vasya Housing Finance Ltd.	Having Common Director
15	DHFL Assets Reconstruction Corpn Ltd.	Having Common Director
16	Mid-City Bhoomi Development Pvt. Ltd.	Having Common Director
17	The Punjab & Maharashtra Co-op. Bank Ltd.	Having Common Director
18	Paramount Mining Corporation Limited	Having Common Director

b. The Company had transactions with the following related parties :-
Ashok Kumar Gupta, Dr. M. Ramakrishnan, K.R. Krishnamurthy, V.K. Gaur, Sandeep Lakhwara & Indophil Resources Exploration Services (India) Private Limited.

c. Transactions with related parties :-

(Rs. in '000)

Sr. No.	Nature	Year ended March 31, 2005
1	Reimbursement of exploration expenses to Subsidiary	974.84
2	Managerial Remuneration	770.00
3	Directors Sitting Fees	72.50

7. Pre-operative expenses:-

The Company undertook activities for exploration of gold at various sites. Commercial production has not commenced and therefore it is the Company's intention to account for all the exploration expenditure of Rs.2,27,71,174/- as noted in schedule 'G' to the Balance Sheet as pre-operative expenditure which will be charged to the profit & loss account as and when the commercial activities/production commences.

For V. K. BESWAL & ASSOCIATES,
Chartered Accountants

R.P. Laddha
Partner
M.NO.48195
Mumbai .
28th November 2005

For and on behalf of the Board
Sandeep Lakhwara Managing Director
Charles E. E. Devenish Chairman
Ashok Gupta Director
M.Ramakrishnan Director
Manoj Deshmukh Head-Legal & Company Secretary
Bangalore
28th November 2005



DECCAN GOLD MINES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

	(Rs. in '000)	
	As at 31/03/2005	As at 31/03/2004
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax & extraordinary items	(5972.33)	(2,946.66)
Adjustment for:		
Add :		
Miscellaneous Expenses written off	157.70	157.70
Depreciation	1285.03	1.64
Operating Profit / (Loss) before working Capital Changes	<u>(4,529.60)</u>	<u>(2,787.32)</u>
Adjustment for:		
Increase / (Decrease) in trade liabilities	(4287.13)	6,441.23
(Increase) / Decrease Loans and Advances	(10844.95)	(512.17)
Net Cash used in Operating Activities (A)	<u>(19,661.68)</u>	<u>3,141.74</u>
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Investments / Fixed Assets	(8075.68)	(29.35)
Pre Operative expenses	(16516.54)	(6,254.63)
Net Cash from Investing Activities (B)	<u>(24,592.22)</u>	<u>(6,283.98)</u>
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Capital raised – Rights Issue	-	49,000.00
Miscellaneous expenditure	(432.71)	(892.96)
Net Cash from Financing Activities(C)	<u>(432.71)</u>	<u>48,107.04</u>
Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	(44,686.59)	44,964.80
Cash & Cash equivalents at the beginning of the year	45981.3	1,016.50
Cash & Cash equivalents at the end of the year	<u>1,294.71</u>	<u>45,981.30</u>

For V. K. BESWAL & ASSOCIATES,
Chartered Accountants

R.P. Laddha
Partner
M.no.48195

Mumbai
28th November 2005

For and on behalf of the Board

Sandeep Lakhwara
Managing Director

Charles E. E. Devenish
Chairman

Ashok Gupta
Director

M.Ramakrishnan
Director

Bangalore
28th November 2005

Manoj Deshmukh
Head-Legal &
Company Secretary



DECCAN GOLD MINES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

State Code	:	11
Registration No.	:	34662
Balance Sheet Date	:	31.03.2005

II. CAPITAL RAISED DURING THE YEAR

(Amount in Rs. '000)

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

III. POSITION OF MOBILISATION AND DEVELOPMENT

(Amount in Rs. '000)

Total Liabilities	:	53609.75
Total Assets	:	53609.75

SOURCES OF FUNDS

Paid up Capital	:	51450.00
Reserves & Surplus	:	Nil
Secured Loans	:	Nil
Unsecured Loans	:	Nil

APPLICATION OF FUNDS

Net Fixed Assets	:	Nil
Investments	:	100.00
Net Current Assets	:	10520.67
Miscellaneous Expenditure	:	1641.07
Preoperative Expenditure	:	22771.17
Profit & Loss Account	:	9698.75

IV. PERFORMANCE OF THE COMPANY

(Amount in Rs. '000)

Total Income	:	784.86
Total Expenditure	:	6757.19
Profit / (Loss) Before Tax	:	(5972.33)
Profit / (Loss) After Tax	:	(3932.33)
Earning Per Shares in Rs. (Face Value Re. 1/-)	:	(0.12)
Dividend Rate %	:	Nil

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/
SERVICES OF THE COMPANY**

(As per monetary terms)

Item Code No. (ITC Code)	:	--
Product description	:	N.A.



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting Eighth Annual Report of the Company along with the audited statements of Accounts for the year ended 31st March 2005.

Your Company became 100% subsidiary of Deccan Gold Mines Limited with effect from 3rd March 2005.

FINANCIAL RESULTS

During the year, your Company incurred a loss of Rs. 0.05 lac after adjustments of Deferred Tax Asset of Rs. 0.10 lac and Rs. 0.12 lacs for prior period adjustments.

WORKING

Your Company continued to carry out exploration activities during the year. Pursuant to its agreement with Deccan Gold Mines Limited to transfer its Prospecting Licenses to the later when granted, all expenses incurred by the Company for exploration are reimbursed by Deccan Gold Mines Limited.

CAPITAL STRUCTURE

During the financial year under review, the share capital of the Company remained unaltered.

BOARD OF DIRECTORS

Dr. M. Ramakrishnan was appointed as additional Director of the Company with effect from 8th April 2005 who holds the office up to the date of forthcoming Annual general Meeting and is eligible for reappointment. Your Directors recommend the appointment of Dr. M. Ramakrishnan as Director.

AUDITORS

The retiring Auditors, M/S Rao & Venkatesulu, Chartered Accountants, are eligible for reappointment and have indicated their willingness to act as such. Members are requested to re-appoint them as Auditors and fix their remuneration.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits during the financial year under review.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby confirm as under:

- i) In preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- iii) Your Directors have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) Your Directors have prepared the Statement of Accounts for the year ended 31st March 2005 on a going concern basis.

PARTICULARS OF EMPLOYEES

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

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

- i. Conservation of Energy and Technology Absorption:



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

ii. Foreign Exchange Earning & Outgo:

During the year under review, the Company did not have any foreign exchange earnings and outgo.

ACKNOWLEDGEMENTS

We take this opportunity to thank all the stakeholders and business associates for their support.

For and on behalf of the Board

Bangalore
18th August 2005

D V Pichamuthu
Director

K Karunakaran
Director



AUDITORS' REPORT

**To the members of
INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED**

We have audited the Balance Sheet of **INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED** as at 31st March, 2005 and the annexed Profit and Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted In India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As the Company does not come under the purview of the Companies (Auditor's Report) Order, 2003 issued by the central government under section 227(4A) of the Companies Act, 1956, we have not reported our finding on the matters stated therein.
2. Further, to our comments in the Annexure referred to in paragraph (1) above:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with those Books of Account;
 - d. In our opinion, the Profit and Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act 1956;
 - e. On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the directors is dis-qualified as on 31st March, 2005 from being appointed as a director of the Company or disqualified from being appointed as a Director in terms of Section 274 (1) (g) of the Companies Act, 1956; and
 - f. In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2005; and
 - (ii) In the case of the Profit and Loss Account, of the loss of the company for the year ended on that date.

For **RAO & VENKATESULU**
Chartered Accountants

Bangalore
August 18, 2005

K.Y.Ningoji Rao
Partner
Membership No.18278



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedule	As at 31.03.2005 (Rs. in '000)	As at 31.03.2004 (Rs. in '000)
A. SOURCES OF FUNDS:			
SHAREHOLDERS FUNDS:			
Share Capital	A	100.00	100.00
LOAN FUNDS:			
Secured Loans			
Unsecured Loans			
Total Sources of Funds		100.00	100.00
B. APPLICATION OF FUNDS:			
FIXED ASSETS:			
Capital Works In Progress		--	700.25
DEFERRED TAX ASSETS		22.85	--
NET CURRENT ASSETS:			
CURRENT ASSETS:			
Inventories	B		
Trade Debtors		2,062.20	7,427.47
Cash & Bank Balances		136.13	212.15
Loan & Advances		157.52	159.93
Total Current Assets		2,355.85	7,799.55
Less: CURRENT LIABILITIES:			
Current Liabilities	C	2,336.78	8,456.77
NET CURRENT ASSETS:		19.07	(657.22)
Misc. Expenses (ASSET)			
Preliminary Expenses (To the extent not written off)		7.44	11.16
Profit & Loss Account		50.64	45.81
Total Application of Funds		100.00	100.00

As per our report attached
For RAO & VENKATESULU
Chartered Accountants

D. V. Pichamuthu
Director

K. Karunakaran
Director

K.Y. Ningoji Rao
Partner
Membership No.18278

Bangalore
August 18, 2005



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedule	Year ended 31.03.2005 (Rs. in '000)	Year ended 31.03.2004 (Rs. in '000)
INCOME:			
Exploration charges Recovered		9,027.26	7,427.48
Other Incomes			8.07
Total Income		9,027.26	7,435.55
EXPENDITURE:			
Exploration Expenses	D	8,973.86	7,317.54
Administrative & Other Expenses	E	81.07	160.09
Total Expenditure		9,054.93	7,477.63
NET PROFIT(+)/LOSS(-) BEFORE TAXES		(27.67)	(42.08)
Less/Add(-): Prior Period Adjustments		12.42	(3.72)
Add: Deferred Tax Assets Created		10.42	
NET PROFIT(+)/LOSS(-) AFTER TAXES		(4.83)	(45.81)
Add: Balance Loss Brought Forward		(45.81)	
BALANCE LOSS CARRIED FORWARD		(50.64)	(45.81)

As per our report attached
For RAO & VENKATESULU
 Chartered Accountants

D. V. Pichamuthu
 Director

K. Karunakaran
 Director

K.Y. Ningoji Rao
 Partner
 Membership No.18278

Bangalore
 August 18, 2005



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2005 (Rs. in '000)	As at 31.03.2004 (Rs. in '000)
Schedule A		
SHARE CAPITAL		
AUTHORISED CAPITAL: 50000 (PY 50000) Equity shares of Rs.10/- Each	500.00	500.00
ISSUED CAPITAL: 10000 (PY 10000) Equity shares of Rs.10/- Each	100.00	100.00
SUBSCRIBED AND PAID UP: 10000 (P.Y.10000) Equity shares of Rs.10/- Each Fully paid up	100.00	100.00
TOTAL Carried to Balance sheet	100.00	100.00
Schedule B		
CURRENT ASSETS		
Trade Debtors	2,062.20	7,427.47
Cash at Bank:		
In Current Accounts	134.22	162.15
In Other Accounts		
Cash on Hand	1.91	50.00
Loans & Advances:		
Deposits	109.93	109.93
Advances Recoverable in Cash or kind	47.59	50.00
TOTAL Carried to Balance sheet	2355.85	7799.55
Schedule C		
CURRENT LIABILITIES		
Creditors for Trade	2,312.26	8,386.35
Creditors for Expenses	24.52	70.42
TOTAL Carried to Balance sheet	2,336.78	8,456.77
Schedule D		
EXPLORATION EXPENSES		
Exploration Expenses	1,747.50	7,101.31
Analysis charges	4,308.40	88.75
Annual fee	40.44	--
Boarding & Lodging charges	4.93	--
Camp Expenses	1,047.79	--
Drilling Charges	1,508.00	--
Duplicating Charges	0.33	--
Field Supplies & Consumables	6.10	--
Frieght charges	0.17	--
Labouratary charges	--	101.86
Labour charges	2.10	--
Map charges	1.60	--
Professional & Consultancy fee	291.50	--
Surveying charges	15.00	25.62
TOTAL carried to Profit & Loss Account	8,973.86	7,317.54



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

Schedule E

ADMINISTRATIVE & OTHER EXPENSES:

Annual Fee			123.23
Application fee		9.98	---
Bank Charges		0.86	0.28
Conveyance/Field allowance		4.96	---
Filing Fee		2.35	3.30
Food & Water expenses		8.32	---
Miscellaneous Expenses		0.28	---
Postage & Telegrams		0.05	---
Printing & Stationery		2.84	---
Membership & Subscription charges		0.75	---
Stamp & Notary charges		0.13	---
Telephone charges		0.77	---
House Keeping Exps		1.56	---
Travelling Exps		1.41	---
Vehicle Maintenance		18.02	---
Rent		8.25	---
Rate & Taxes		---	0.06
Interest on TDS Payments		---	7.30
Preliminary Exps Amortised		3.72	3.72
Auditors Remuneration:			
	For Audit	11.02	16.40
	For Tax Audit	3.30	3.30
	For Other Services	2.50	2.50
TOTAL carried to Profit & Loss Account		81.07	160.09

Schedule F

NOTES FORMING PART OF ANNUAL ACCOUNTS

- The Company has not raised any Unsecured Loans during the year.
- In view of the agreement subsisting with Deccan Gold Mines Ltd the exploration expenditure of Rs.Nil (P.Y.Rs.7 lacs) incurred during the previous year and reflected in the accounts as Capital Works In Progress is refundable to the company. There are no dues as on the date on this account.
- The particulars of the Deferred Tax Asset created is as under: (Rs. in '000)

Depreciation:	As on 31.03.2004	As on 31.03.2005	Difference
Written Down value:			
As per IT Rules	Nil	Nil	Nil
As per Books	Nil	Nil	Nil
Difference	Nil	Nil	Nil
Deferred Tax Liability	Nil	Nil	Nil
Unabsorbed Items Under IT:	As on 31.03.2004	As on 31.03.2005	Total
Unabsorbed Business Loss	34.79	62.46	27.67
Unabsorbed Depreciation	Nil	Nil	Nil
Total	34.79	62.46	27.67
Deferred Tax Asset	12.42	22.85	10.43
Net Deferred Tax Asset: Created During the Year:			
a. For the year	Nil	10.43	10.43
b. For Earlier Years	Nil	12.42	12.42



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED

Prior period adjustment for the year amounting to Rs.12,420/- represents Deferred Tax Asset relating to previous year created during the year.

SIGNIFICANT ACCOUNTING POLICIES:

A. REVENUE RECOGNITION:

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

B. EXPENDITURE RECOGNITION:

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

C. VALUATION OF INVENTORY:

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

D. FIXED ASSETS:

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

E. ACCOUNTING OF TAXES ON INCOME:

- a. Current taxes on Income is provided as per the liability computed under the Income Tax Act, 1961.
- b. The Deferred Tax Assets and Liabilities are created as per AS-22 prescribed by the Institute of Chartered Accountants of India.

F. ACCOUNTING OF INTANGIBLE ASSETS:

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



INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration Details:

Registration No.: 22819

State Code: 08

BALANCE SHEET AS AT 31ST MARCH, 2005:**(Rs in '000)****II. Capital raised during the year :**

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

III. Position of mobilisation and deployment of funds:

Total Liabilities	100
Total Assets	100

Sources of Funds:

Paid Up Capital	100
Reserves & Surpluses	Nil
Secured Loans	Nil
Unsecured Loans	Nil

Application of Funds:

Net Fixed Assets	Nil
Investments	Nil
Deferred Tax Asset	23
Net Current Assets	19
Miscellaneous Expenditure	07
Accumulated Losses	51

IV. Performance of the Company:

Turnover	9027
Total Expenditure	9055
Profit Before Tax	(28)
Profit After Tax	(05)
Earning Per Share [Annualised]	
Without reckoning Deferred Tax Asset (in Rs.)	(2.77)
After reckoning Deferred Tax Asset (in Rs.)	(0.48)
Dividend (in Rs.)	Rs. Nil

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

Product Description	Item Code (ITC Code)
N.A.	N.A.

As per our report attached

For RAO & VENKATESULU

Chartered Accountants

D. V. Pichamuthu
Director

K. Karunakaran
Director

K.Y. Ningoji Rao

Partner

Membership No.18278

Bangalore
August 18, 2005



AUDITORS' REPORT

Auditors' Report to the Board of Directors of **DECCAN GOLD MINES LIMITED** on the consolidated financial statements of **DECCAN GOLD MINES LIMITED** and its subsidiary **INDOPHIL RESOURCES EXPLORATION SERVICES (INDIA) PRIVATE LIMITED**.

1. We have examined the attached consolidated balance sheet of **DECCAN GOLD MINES LIMITED** and its subsidiary as at 31st March, 2005 and the consolidated profit and loss account and consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of **DECCAN GOLD MINES LIMITED**. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted Accounting Standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We have not conducted the audit of the financial statements of the subsidiary, whose financial statement has been audited by other auditors, and on which we have relied for the purpose of our examination of the consolidated financial statement.
4. We report that:
 - a) the consolidated financial statements has been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of **DECCAN GOLD MINES LIMITED**, its subsidiary.
 - b) The consolidated cash flow statement has been prepared on the basis of consolidated financial statement.
5. On the basis of the information and explanation given to us and on consideration of the separate audit report on individual audited financial statements of **DECCAN GOLD MINES LIMITED** and its aforesaid subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In case of the consolidated Balance Sheet, of consolidated statement of affairs of **DECCAN GOLD MINES LIMITED** and its subsidiary as at 31st March, 2005
 - ii) In case of Consolidated Profit and Loss Account of the consolidated results of operations of **DECCAN GOLD MINES LIMITED**, and its subsidiary for the year ended on that date; and
 - iii) In case of the consolidated Cash Flow Statement, consolidated Cash Flow of **DECCAN GOLD MINES LIMITED** and its subsidiary for the year ended on that date.

For **V. K. BESWAL & ASSOCIATES**
Chartered Accountants

R.P. Laddha
Partner
M. No.48195

Mumbai
28th November 2005



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2005

	Sche- dule	As at 31.03.2005 (Rs.'000)
<u>SOURCES OF FUNDS :</u>		
Share holders fund :		
Share Capital	A	51,450.00
TOTAL		<u>51,450.00</u>
<u>APPLICATIONS OF FUND:</u>		
<u>FIXED ASSETS:</u>		
Gross Block	B	8,005.03
Less: Depreciation		1,286.68
Net Block		<u>6,718.35</u>
GOODWILL		197.26
<u>CURRENT ASSETS, LOANS & ADVANCES</u>		
Cash & Bank Balances	C	1,430.84
Loans and Advances		<u>11,543.23</u>
		12,974.07
Less: Current Liabilities & Provisions	D	
Current Liabilities		<u>2,434.33</u>
NET CURRENT ASSETS		10,539.74
Deferred Tax Assets		22.85
Misc. Expenditure (to the extent not written off or adjusted)	E	1,641.07
Pre-operative Expenditure	F	22,630.75
		24,271.82
Profit & Loss Account		(9,699.98)
TOTAL		<u>51,450.00</u>

Significant Accounting Policies &
Notes to the Accounts
As per our report of even date

H

For **V. K. BESWAL & ASSOCIATES,**
Chartered Accountants

For and on behalf of the Board

R.P. Laddha
Partner
M.No.48195

Sandeep Lakhwara
Managing Director

Charles E. E. Devenish
Chairman

Mumbai
28th November 2005

Ashok Gupta
Director

M.Ramakrishnan
Director

Bangalore
28th November 2005

Manoj Deshmukh
Head-Legal &
Company Secretary



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedule	Year ended 31.03.2005 (Rs.'000)
<u>INCOME</u>		
Operational Income		
Interest received		784.86
		<u>784.86</u>
<u>EXPENDITURE</u>		
Administrative & Other Expenses	G	6,781.27
		<u>6,781.27</u>
Profit/(Loss) before taxation		(5,996.41)
Less: Provision for Taxation		-
Provision for Deferred Tax		(10.43)
		<u>(5,985.98)</u>
Add : Prior Period Adjustment		12.42
Net Profit/(Loss) for the year		<u>(5,973.56)</u>
Add: Balance brought forward		(3,726.42)
Balance transferred to Balance Sheet		<u>(9,699.98)</u>
Earnings Per Share (in Rs.)		(0.12)
Significant Accounting Policies & Notes to the Accounts	H	
As per our report of even date		
For V. K. BESWAL & ASSOCIATES, Chartered Accountants	For and on behalf of the Board	
R.P. Laddha Partner M.No.48195	Sandeep Lakhwara Managing Director	Charles E. E. Devenish Chairman
Mumbai 28th November 2005	Ashok Gupta Director	M.Ramakrishnan Director
.	Bangalore 28th November 2005	Manoj Deshmukh Head-Legal & Company Secretary



SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS

SCHEDULE 'A' (Rs.'000)

SHARE CAPITAL :

Authorised 6,00,00,000 (PY 6,00,00,000) Equity Shares of Rs.1/- each	60,000.00
	60,000.00
Issued,Subscribed and paid up : 5,14,50,000 (PY 5,14,50,000) Equity Shares of Rs.1/- each fully paid up	51,450.00
	51,450.00

SCHEDULE 'B' FIXED ASSETS

Sr. No.	DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
		Cost As at 01.04.2004	Addition during the year	Total Cost as at 31.03.2005	Upto 31.03.04	For the Year	Deduction for the year	Upto 31.03.05	As at 31.03.05	As at 31.03.04
1	Furniture	-	179.24	179.24	-	7.81	-	7.81	171.43	-
2	Office Eqp.	-	6.64	6.64	-	0.22	-	0.22	6.42	-
3	Plant & Mach.	-	7,246.27	7,246.27	-	1,209.04	-	1,209.04	6,037.24	-
4	Computer	29.35	41.43	70.78	1.64	24.87	-	26.51	44.27	27.71
5	Motor Car	-	502.09	502.09	-	43.09	-	43.09	459.00	-
	TOTAL	29.35	7,975.68	8,005.03	1.64	1,285.03	-	1,286.68	6,718.35	27.71
	Previous Year	-	29.35	29.35	-	1.64	-	1.64	27.71	

SCHEDULE 'C'

CURRENT ASSETS, LOANS & ADVANCES:

Current Assets:

Balance with Schedule Bank in Current Account	1,378.44
Cash in Hand	52.40
	1,430.84

Loans & Advances

(Unsecured, considered good) Advances recoverable in cash or kind or for value to be received	11,543.23
	12,974.07

SCHEDULE 'D'

CURRENT LIABILITIES:

Sundry Creditors	2,434.33
	2,434.33



SCHEDULE 'E'

MISCELLANEOUS EXPENDITURE

PRELIMINARY EXPENSES:

Opening Balance	473.10
Less : 1/5 written off during the year	<u>157.70</u>
	315.40
Rights Issue and Other expenses	<u>1,325.67</u>
	<u><u>1,641.07</u></u>

SCHEDULE 'F'

PRE-OPERATIVE EXPENDITURE:

Exploration expenses	<u>22,630.75</u>
	<u><u>22,630.75</u></u>

SCHEDULE 'G'

ADMINISTRATIVE & OTHER EXPENSES:

Salaries & Other benefits	1476.50
Staff Welfare	103.28
Books & Periodicals	14.74
Bank Charges	2.79
Business Promotion Expenses	50.24
Travelling & Conveyance	298.57
Electricity charges	30.04
Membership & Subscription	88.15
Repair & Maintenance	182.07
Telephone Expenses	38.87
Postage & Telegram	57.15
Car Expenses	10.68
Rent,Rates & Taxes	532.35
Advertisements	22.70
<u>Auditors' Remuneration:-</u>	
Audit Fees	50.71
Directors' Sitting Fees	72.50
Legal & Professional Fees	2039.98
Printing & Stationery	187.11
Filing Fees	4.04
Listing Fee	26.30
Sundry Expenses	49.77
Depreciation	1285.03
Preliminary Expenses w/off	157.70
	<u><u>6781.27</u></u>



SCHEDULE 'H'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO CONSOLIDATED ACCOUNTS AS AT 31ST MARCH, 2005

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of accounting

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

B. Fixed Assets:

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

C. Depreciation:

Depreciation is provided as per Written Down Value prescribed under Schedule XIV of the Companies Act, 1956.

D. Impairment:

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

E. Taxation

Tax on income for the current period is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax is recognized on timing differences between the accounting income & the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred Tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

NOTES TO THE ACCOUNTS:

1. Capital Commitments	Nil
2. Claims made against the company but not acknowledged as debts	Nil
3. Contingent Liabilities	Nil
4. Figures of the previous year has not been given as the company is preparing consolidated financial statement first time.	
5. Additional information pursuant to para 3 & 4 of para II of Schedule VI of the Companies Act, 1956.	
	(Rs. in '000)
a) Expenditure in foreign currency	Nil
b) Earning in foreign currency	Nil
c) Payment to Auditors:- - Audit Fees	50.71



6. Related party disclosure

a. Name of related parties and relationship

SR. NO.	NAME OF THE PARTY	RELATIONSHIP
1	Sandeep Lakhwara	Managing Director
2	Charles E E Devenish	Chairman
3	Ashok Kumar Gupta	Director
4	K.R. Krishnamurthy	Director
5	Dr. M. Ramakrishnan	Director
6	V. K. Gaur	Director
7	Australian Indian Resources Pty Ltd	Having Common Director
8	Rama Mines NL (Australia)	Having Common Director
9	Rama Mines (Mauritius) Ltd.	Having Common Director
10	Lakhwara Consultants Pty Ltd.	Having Common Director
11	Western Goldsmiths Pty Ltd.	Having Common Director
12	Dewan Housing Finance Corp Ltd.	Having Common Director
13	ING Vasya Housing Finance Ltd.	Having Common Director
14	Dhfl Assets Reconstruction Corpn Ltd.	Having Common Director
15	Mid-city Bhoomi Development Pvt. Ltd.	Having Common Director
16	The Punjab & Maharashtra Co-op. Bank Ltd.	Having Common Director
17.	Paramount Mining Corporation Ltd.	Having Common Director

b. The company had transactions with the following related parties :-
Ashok Kumar Gupta, Dr. M. Ramakrishnan, K.R. Krishnamurthy, V.K. Gaur & Sandeep Lakhwara.

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

Sr. No.	Nature	Year ended 31, 2005
1	Managerial Remuneration	770.00
2	Directors Sitting Fees	72.50

7. Pre-operative expenses:-

The Company undertook activities for exploration of gold at various sites. Commercial production has not commenced and therefore it is the Company's intention to account for all the exploration expenditure of Rs.22,630.75 (in thousand) as mentioned in schedule 'F' to the Consolidated Balance Sheet as pre-operative expenditure which will be charged to the Consolidated Profit & Loss Account as and when the commercial activities/production commences. Details of the exploration expenses incurred are as under :-

(Rs. in '000)

Exploration Expenses incurred by Deccan Gold Mines Ltd.	22771.17
Less : Paid to Indophil Resources Exploration Services (I) P. Ltd. (Subsidiary Company)	974.84
	<u>21796.33</u>
Add : Incurred by Indophil Resources Exploration Services (I) P. Ltd. (Subsidiary Company)	834.42
	<u><u>22630.75</u></u>

For **V. K. BESWAL & ASSOCIATES,**
Chartered Accountants

For and on behalf of the Board

R.P. Laddha
Partner
M.No.48195

Sandeep Lakhwara
Managing Director

Charles E. E. Devenish
Chairman

Mumbai
28th November 2005

Ashok Gupta
Director

M.Ramakrishnan
Director

Bangalore
28th November 2005

Manoj Deshmukh
Head-Legal &
Company Secretary



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

(Rs. in '000)

A: CASH FLOW FROM OPERATING ACTIVITIES:

Net Profit/(Loss) before tax & extraordinary items	(5996.41)
Adjustment for:	
Add : Miscellaneous Expenses written off	157.7
Depreciation	1285.03
Operating Profit / (Loss) before working Capital Changes	<u>(4,553.68)</u>
Adjustment for:	
Increase / (Decrease) in trade liabilities	(4012.55)
(Increase) / Decrease Loans and Advances	(11002.47)
Net Cash used in Operating Activities (A)	<u><u>(19,568.70)</u></u>

B: CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of Investments / Fixed Assets	(8172.94)
Pre Operative expenses	(16376.12)
Net Cash from Investing Activities (B)	<u>(24,549.06)</u>

C: CASH FLOW FROM FINANCING ACTIVITIES:

Miscellaneous expenditure	(432.71)
Net Cash from Financing Activities(C)	<u>(432.71)</u>

Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	(44,550.46)
Cash & Cash equivalents at the beginning of the year	45981.3
Cash & Cash equivalents at the end of the year	<u><u>1,430.84</u></u>

For **V. K. BESWAL & ASSOCIATES,**
Chartered Accountants

R.P. Laddha
Partner
M.No.48195

Mumbai
28th November 2005

For and on behalf of the Board

Sandeep Lakhwara
Managing Director

Charles E. E. Devenish
Chairman

Ashok Gupta
Director

M.Ramakrishnan
Director

Bangalore
28th November 2005

Manoj Deshmukh
Head-Legal &
Company Secretary



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