



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, 2004 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 (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said 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, 2004 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2004, and
 - ii. in the case of Profit & Loss Account, the LOSS of the Company for the year ended on that date.
 - iii. in the case of Cash Flow Statement, the Cash flows for the year ended on that date.

For **V.K. BESWAL & ASSOCIATES,**
CHARTERED ACCOUNTANTS,

Mumbai
31st July 2004

R.P. LADDHA
PARTNER
M.NO.48195



ANNEXURE TO THE AUDITOR'S 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 overdues 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) Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that there were no transactions during the year that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- 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, 2004 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 2004. The Company has incurred a cash loss of Rs 27,87,320 in the current financial year. There was no cash loss in the immediately preceding financial year.
- xi) According to the record of the Company, the Company has not borrowed any loan from financial institutions or banks or issued debentures till 31st March, 2004. 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.

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- 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) According to the record of the Company, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) According to the records of the Company, the Company has not issued any debentures.
- xx) The Company has not raised any money through a 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
31st July 2004

R.P. LADDHA
PARTNER
M.NO.48195