



DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the Annual Report on the business operations of the Company along with the Statement of Audited Accounts for the year ended 31st March 2009.

1. Financial Results

(Rs in '000)

Particulars	2008-09	2007-08
Total Income	13,282	5,090
Profit/(Loss) before Taxation	(2,364)	(3,540)
Profit/(Loss) after Tax	(2,424)	(3,609)
Balance brought forward	(22,236)	(18,627)
Balance transferred to Balance Sheet	(24,873)	(22,236)

During the year, the Company incurred Rs. 27.29 lacs on exploration activities and Rs. 116.57 lac on administrative and other expenses. The cumulative amount spent on exploration activities of Rs. 434.74 lac as on 31st March, 2009 has been transferred to pre-operative expenses.

2. BUSINESS OPERATIONS AND OUTLOOK

For full details on the operations of the Company during the period under review, please refer to the segment titled "Report on Exploration Activities" and the segment titled "Exploration Permits and Applications" published elsewhere in this Annual Report.

The National Mineral Policy, 2008, that was laid in the Rajya Sabha on 20th March, 2008 included the following as its main strategy:

- a) Core functions of the State in mining will be facilitation and regulation of exploration and mining activities of investors and entrepreneurs and collection of revenue.
- b) In view of the role of private sector as the main source of investment, the regulatory environment will be improved and the Indian Bureau of Mining and State Directorates of Mining will be strengthened with manpower, equipment and skill sets necessary for the purpose.
- c) Suitable legal measures will be taken to make the regulatory environment conducive to private investment so as to attract large investments and high technology. Procedures for grant of mineral concessions will be transparent and seamless on the one hand and will guarantee security of tenure and easy transferability of rights on the other.
- d) All mining shall be undertaken within a Sustainable Development Framework which will address ecological as well as societal issues. The guiding principle will be that the miner must leave the mining area in a better shape than he found it.

The Union Government that took office in May, 2009 has reaffirmed its commitment to the National Mineral Policy, 2008 and some of the steps that have been taken already under the '100 day Agenda' of the Ministry of Mines in respect of the mining sector include:

- i) Issue of guidelines to State Governments in June, 2009 based on the National Mineral Policy to give primacy to "Seamlessness" and "first-in-time" for grant of mineral concessions.
- ii) Issue of directives to Geological Survey of India in June, 2009 to put out all survey and exploration data, maps and reports on Web Portal to facilitate private sector participation in mineral exploration.
- iii) Placing of the draft of 'The Mines and Minerals (Scientific Development and Regulation) Act, 2009 on the website of the Ministry of Mines, Government of India in July, 2009 for public comments till 31st August, 2009.

It is a welcome step that the draft of 'The Mines and Minerals (Scientific Development and Regulation) Act, 2009' fixes a time limit for disposal of Reconnaissance / Prospecting / Large Area Prospecting / Mining Lease applications and has also considerably increased the maximum area which Companies / group of Companies can hold under Prospecting Licence / Mining Lease in a



State. However, the draft also enables reservation of an area for RP / PL operations in favour of GSI / Government Agencies for a period of 10 years. Further, it also empowers the State Government to sequester an area for a period of 5 years (extendable by another 5 years). These initiatives, if implemented, would have the potential to block the fast track development of mineral sector. It is hoped that the final version of the Act would be positive to the mineral exploration sector.

As the mineral exploration sector looks towards legislative and regulatory initiatives from the Government to promote private and foreign investment and introduction of internationally compatible mining policies, your Company is alert to these developments and is well geared to take advantage of the emerging scenario.

3. SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act, 1956, the audited Profit and Loss Account for the year ended 31 March, 2009 along with the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon of Deccan Exploration Services Private Limited, a subsidiary company is attached. It may be noted that the name of the subsidiary company viz. Deccan Gold Exploration Services Private Limited was changed to Deccan Exploration Services Private Limited with effect from 20 March, 2009.

4. CORPORATE GOVERNANCE

The Company has complied with all the mandatory requirements of Corporate Governance specified by the Securities and Exchange Board of India through Clause 49 of the Listing Agreement. As required by the said Clause, a separate Report on Corporate Governance forms part of this Annual Report. A Certificate from M/s. Rathi & Associates, Practicing Company Secretaries, Mumbai regarding compliance with the conditions of Corporate Governance also forms part of this Annual Report.

Further, in terms of Clause 49(IV)(F) of the Listing Agreement, a separate report titled "Management Discussion and Analysis" forms part of this Annual Report.

5. BOARD OF DIRECTORS

Mr. Charles E.E. Devenish and Mr. K.R. Krishnamurthy are the Directors who retire by rotation and being eligible, offer themselves for reappointment.

Necessary resolutions seeking the approval of the shareholders for the reappointment of the aforesaid Directors forms part of the Notice convening the Annual General Meeting. In terms of Clause 49(IV)(G)(i) of the Listing Agreement entered into with the Bombay Stock Exchange Limited, all the requisite details about the Directors seeking re-appointment at the ensuing Annual General Meeting forms part of the Notice convening the Annual General Meeting.

Further, pursuant to Clause 49(IV)(E)(iv) of the Listing Agreement, the shareholders may take note that none of the Non Executive Directors hold any shares/convertible instruments in the Company as on the date of this Report.

6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2009 and of the loss of the Company for that period.
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that they have prepared the attached Statement of Accounts for the year ended 31st March, 2009 on a going concern basis.

7. PERSONNEL

Your Directors place on record, their appreciation for the good work done by all the employees.

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum, if employed throughout the year, or Rs. 2,00,000/- or more per month, in case employed for



part of the year. Hence, there are no particulars to be annexed to this report as required under Section 217 (2A) of the Companies Act, 1956 and the rules made there under.

8. AUDITORS

The Statutory Auditors M/s. V.K. Beswal & Associates, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

9. STATUTORY AUDITORS' REPORT

Observations made in the Statutory Auditors' Report are self-explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

10. FIXED DEPOSITS

The Company has not accepted or renewed any deposit from public during the year under review.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

A. Conservation of Energy and Technology Absorption

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

B. Foreign exchange earnings and outgo

It may be noted that during the year under review, the Company did not have any foreign exchange earnings, but had a foreign exchange outgo of Rs. 21.10 lac.

12. ACKNOWLEDGEMENT

The Directors wish to express their gratitude to all the business associates and to the Investors / Shareholders for the confidence reposed in the Company and its management. The Directors also convey their appreciation to the employees at all levels for their enormous personal efforts as well as collective contribution.

For and on behalf of the Board

Place : Bangalore
Date : 20 July, 2009

Charles Devenish
Chairman



Statement pursuant to Section 212 of the Companies Act, 1956 relating to Company's interest in the Subsidiary Deccan Exploration Services Private Limited.

(Rs. in '000)

1	The financial year of the subsidiary company ended on	31 st March, 2009
2	Date from which it became subsidiary	3 rd March, 2005
3	a) No. of shares held by Holding Company with its nominee in the subsidiary at the end of the financial year of the subsidiary	10,000 equity shares of Rs.10/- each
	b) Extent of interest of holding company at the end of the financial year of the subsidiary	100%
4	The net aggregate amount of subsidiary's profit (loss) so far as it concerns the members	
	a) Not dealt with in holding company's accounts:	
	i) For the financial year of the subsidiary	Nil
	ii) For the previous financial years of the subsidiary since it became the subsidiary of the company	Nil
	b) Dealt with in holding company's accounts*:	
	i) For the financial year of the subsidiary	172
	ii) For the previous financial year of the subsidiary	171
5	Changes in the holding company's interest in the Subsidiary between the end of the financial year of the subsidiary and the end of the holding company's financial year	None
6	Material changes between the end of the financial year of the subsidiary and the end of the holding company's financial year in respect of:	
	a) Subsidiary's fixed assets	None
	b) Its investments	None
	c) The monies lent by it	None
	d) The monies borrowed for the purpose other than meeting current liabilities	None

*Consolidated accounts reflect the effect.

For and on behalf of the Board

Place: Bangalore
Dated: 20 July, 2009

Charles E.E. Devenish
Chairman

Sandeep Lakhwara
Managing Director

S. Subramaniam
Company Secretary



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INTRODUCTION

Deccan Gold Mines Limited (DGML) is the first and the only gold exploration company listed on the Bombay Stock Exchange Limited (BSE). The Company was established in 2003 by promoters with deep roots in the exploration and mining sector and brings to India, a wealth of international technical know how and experience in the gold exploration and mining sector. DGML now has a large portfolio of exploration prospects in the States of Karnataka, Andhra Pradesh and Rajasthan. It has actively undertaken exploration work in all of its exploration prospects over the years and has been successful in identifying probable gold resources at several locations.

Details on the results of DGML's exploration work has been provided under the heading "Report on Exploration Activities".

A comprehensive list of the prospects acquired by DGML and its 100% owned subsidiary Deccan Exploration Services Private Limited (DESPL) has been provided under the heading "Exploration Permits and Applications".

DGML now awaits the grant of its applications following which it will undertake detailed feasibility studies to ascertain the commerciality of gold mining operations at these locations.

It must, however, be appreciated that exploration companies, have long gestation periods between exploration and discoveries, to which DGML is no exception. This gestation period has been further impacted by the delays in grant of permits by the Government authorities.

INDUSTRY REVIEW

India is relatively under-explored in terms of mineral prospecting and has a large quantity of high-quality reserves which coupled with low labour and conversion costs makes it an attractive destination for mineral exploration, mining and value addition. However, the regulatory processes pursuant to which licenses are presently granted are time consuming and archaic resulting in the inability of the sector to develop to its fullest potential.

The New National Mineral Policy, 2008 (laid on the table of the Parliament during March, 2008) is expected to encourage mineral prospecting and mining investments in India. The Policy envisages a facilitatory and regulatory role for the State in the exploration and mining activities of investors and entrepreneurs. It recognizes the role of the private sector as the main source of investment in the mineral exploration sector. It states that suitable legal measures will be taken to make the regulatory environment conducive to private investment so as to attract large investments and high technology. Procedures for grant of mineral concessions will be transparent and seamless on the one hand and will guarantee security of tenure and easy transferability of rights on the other.

The Union Government that took office in May, 2009 has reaffirmed its commitment to the National Mineral Policy, 2008 and some steps have already been taken to operationalise the strategy outlined in the Policy. Guidelines have been issued to State Governments to give primacy to "Seamlessness" and "first-in-time" approach for grant of mineral concessions. A new legislation titled "The Mines and Minerals (Scientific Development and Regulation) Act, 2009 is sought to be introduced and a draft of the Act has been placed on the website of the Ministry of Mines, Government of India for public comments.

The mineral exploration sector in India awaits the legislative and regulatory initiatives from the Government to promote private and foreign investment and introduction of internationally compatible mining policies.

PERFORMANCE

Full details of exploration work undertaken by the Company are contained in "Report on Exploration Activities" forming part of this Annual Report. The status of our applications is contained in this Annual Report under the heading "Exploration Permits and Applications".

DGML incurred a total expenditure of Rs. 437.74 lacs (cumulative) on exploration on its prospects as on 31 March 2009. The amount of exploration expenditure (cumulative) incurred as on 31 March, 2008 was Rs. 407.46 lacs.

Administrative and other costs for the year ended 31 March 2009 were Rs. 116.57 lacs compared to Rs. 86.30 lacs for the year ended 31 March 2008.

The net loss of the Company for the year ended 31 March 2009 was Rs. 23.64 lacs compared to Rs. 35.39 lacs for the year ended 31 March 2008.



DGML's working capital funds as at 31 March 2009 were Rs. 54.65 lacs compared to Rs. 124.25 lacs for the year ended 31 March 2008.

It is pertinent to note that exploration companies by their very nature will not generate mining revenues until commencement of mining operations.

RISKS AND CONCERNS

Like any industry, the mineral exploration and mining sector is exposed to a variety of operational, financial and regulatory risks. As the stakeholders are aware, the long term profitability of the Company is related to the cost and success of its exploration programmes, which may be affected by a number of reasons and factors beyond the control of the Company.

Gold exploration is a high risk business with no guarantee of success and to that extent investment in gold exploration would be speculative. The projects involve long gestation periods and there is no assurance that exploration of gold tenements would result in discovery of an economic deposit.

Resource estimates are expression of judgment based on knowledge, experience of promoters and industry practice. Estimates, which are valid when made, may change significantly, when new information becomes available. Also, the reserve estimates are not precise and depend on some interpretations, which may prove to be inaccurate. Should the company encounter mineralization or formations different from those predicted by past drilling and mining, resources might have to be altered.

The Company's future revenues will depend on the economic viability of the Company's mineral properties based on international commodity gold price trends. International gold prices fluctuate and are affected by many factors including the supply and demand for gold, production levels of various nations, forward selling by producers, international currency exchange rates etc., Further, regulatory changes relating to import – export / customs duty and change in relevant taxes, legal and administrative regime, accounting practices and government policies may have an impact on the Company's financial performance.

In the absence of cash flow from operations, the Company relies on the capital markets to fund its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that additional funding will be available, or available under terms favourable to the Company in future. Failure to obtain such additional finance could result in delay or indefinite postponement of further exploration and the development of the Company's Projects.

All the above factors notwithstanding, your Company and its Directors believe that they have adequate experience and access to expertise and capital sources that will enable the Company to successfully develop, launch and execute its projects successfully.

OUTLOOK AND OPPORTUNITIES

India is one of the largest consumers of gold in the world importing about 400 to 600t of the yellow metal every year. It has vast tracts of under explored terrain estimated to contain about 9% of the global gold reserves. India was one of the leading gold producers in the world during the British period, when there were about 100 big and small gold mines in operation. Yet, it produces only 0.4% of its consumption today. The lack of investor friendly regulatory guidelines and the snail pace over which prospecting/mining licenses are granted has meant that the industry has not been developed to its full potential.

Private investment in the gold exploration sector has also been very slow in forthcoming. Several major and junior explorers that initially hailed the opening up of the industry to private investment and entered the industry with full gusto have since either curtailed their Indian operations or walked away from it altogether. Consequently, no major gold mines have been opened up in India since the introduction of the new regulatory regime in 1993. The regulatory regime from this perspective has therefore failed in its objectives to attract investment and develop the industry.

By contrast, over this same period, gold mining industries in Australia, Canada, South Africa and now China have attracted huge private investments in the gold exploration and mining sector. On average, Australia spends about US\$300 million per annum on gold exploration, where as India spends less than US\$5 million. Most of Australia's money is raised through public issue of shares in exploration/mining companies and through institutional investment.

A large quantum of funds has been spent on exploration in the other countries noted above. There is much greater comfort derived from the regulatory regimes in these countries both by the investors and the promoters enabling the industry to flourish to its fullest potential. There are several hundred companies operating in the gold exploration/mining sector in these countries. These same companies are wary of entering India.

Yet, Indian terrain offers ample opportunities for major gold discoveries. A large part of India is covered by ancient rocks (>2 billion year old), which have been hosts to about 60% of the gold production in the world. There are records of about 800 ancient



diggings from where gold has been recovered in the past. In addition, exploration by governmental agencies in the last few decades has also been successful in identifying a few gold discoveries, which can become producing mines.

Many prospects in the states of Andhra Pradesh, Karnataka, Chattisgarh, Jharkhand, Madhya Pradesh and Rajasthan could potentially host mineable gold deposits. The need of the hour is to spend major risk capital in exploring these sites and get to the gold deposits. The private sector must be given unhindered access to these areas through the grant of licenses in a timely manner.

Today, in India, it could take up to 5 years to get a Prospecting License granted and another few years to get to a Mining License. All along the exploration company is spending major capital with no assurance of return and at the end limited security of tenure as various State Governments have come into the picture at the last minute (after the private sector have worked in these prospects) and asked for reservation of the prospects for State institutions.

It is hoped that the New Mining Policy, on the table for the last couple of years, now awaiting final approval and introduction after the winter session of Parliament, will help overcome the earlier pitfalls and facilitate the growth of gold exploration and development of new gold mines.

It is also hoped that the Indian government and the country's Regulators, follow the international examples of countries like Australia, Canada, South Africa, UK and others and facilitate private and public participation in the gold exploration and mining sector, by allowing more exploration companies to list on its Stock Exchanges and raise capital for development.

The Government should also look at providing tax incentives to the gold exploration and mining industry, as has been done in other countries in the past to boost investment in the sector.

India has the potential to become one of the leading gold producers in the world. China increased its gold production from 5t/pa in 1980 to 260t/pa in 2008. There is no reason why it could not happen in India, but our Government needs to listen and learn from the Chinese experience.

ADEQUACY OF INTERNAL CONTROL

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

SUSTAINABLE DEVELOPMENT

DGML is committed to sustainable development; we believe in creating sustainable values that our employees, business partners and shareholders can uphold and believe in. We strive to meet the needs of all our stakeholders. DGML believes in making a positive contribution to the community in which we are involved. Our mission is to increase the known gold resources base of the country in a way that enhances the well being of its people, the environment, and the investors and stakeholders of the Company.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of the applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include the availability of economically viable deposits, changes in Government regulations, tax regimes, economic developments in India and other incidental factors.



PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members
Deccan Gold Mines Limited

We have examined the compliance of conditions of Corporate Governance by Deccan Gold Mines Limited (“the Company”) for the year ended 31st March 2009 as stipulated in Clause 49 of the Listing Agreement entered into by the said Company with the Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
M/s. Rathi & Associates
Company Secretaries

Place : Mumbai
Date : 20 July, 2009

Narayan Rathi
Partner
FCS No. 1433



REPORT ON CORPORATE GOVERNANCE

for the year ended and as on 31 March, 2009

Pursuant to Clause 49 of Listing Agreement

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors are committed to ensuring good Corporate Governance in the Company's operations. The Board seeks to promote fairness, equity and transparency in all transactions with the objective of securing long-term shareholder value, while at the same time in accordance with the parameters of law.

The Company has complied with the provisions of Clause 49 of the Listing Agreement entered into with the BSE relating to corporate governance. The same are detailed below.

2. BOARD OF DIRECTORS

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

As on 31 March, 2009, the Board comprised of 6 Directors out of which one is an Executive Director and the other 5 are Non Executive Directors. Out of the 5 Non-Executive Directors, 3 are Independent Directors. The Chairman of the Board is a Non-Executive Director and more than one-third of the Board comprises of Independent Directors.

The Board comprises of competent professionals who are highly recognized in their respective field.

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

Name of the Director	Designation	Category of Directorship	No. of Other Directorships	No. of other Committee Memberships #	
				Chairman	Member
Mr. Charles E. E. Devenish	Chairman	Promoter, Non-Executive	2	Nil	Nil
Mr. Sandeep Lakhwara	Managing Director	Executive	Nil	Nil	Nil
Mr. V. Sivakumar	Director	Non-Executive	10	Nil	Nil
Mr. K.R. Krishnamurthy	Director	Non-Executive; Independent	Nil	Nil	Nil
Dr. M. Ramakrishnan	Director	Non-Executive; Independent	1	Nil	Nil
Prof. V.K. Gaur	Director	Non-Executive; Independent	Nil	Nil	Nil
Mr. M.R. Menon*	Alternate Director*	Non-Executive; Independent	1	Nil	Nil

* to Mr. Charles E.E. Devenish

Notes:

- For the purpose of considering the limit of directorship positions, foreign companies have been excluded.
- For the purpose of considering the limit of committee membership positions, membership of only Audit Committee, Investors'/Shareholders' Grievance Committee and Remuneration Committee have been considered.
- There are no inter-se relationships amongst the Directors.

b) Reappointment of Directors:

Detailed profile of Mr. Charles Devenish and Mr. K.R. Krishnamurthy, Directors liable to retire by rotation who being eligible have offered themselves for re-appointment is furnished along with the Notice convening ensuing Annual General Meeting.



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

Five Board Meetings were held during the financial year 2008-09. These meetings were held on 23 April, 2008; 27 June, 2008; 31 July, 2008; 31 October, 2008 and 30 January, 2009.

d) Attendance of each Director at the Board Meetings and the last Annual General Meeting:

The details of attendance of Directors in Board Meetings and in the last Annual General Meeting held on 28th November, 2008 are as follows:

Name of the Director	No. of Board Meetings Attended	Attendance at Last Annual General Meeting (Yes / No)
Mr. Charles E.E. Devenish	5	Yes
Mr. Sandeep Lakhwara	4	Yes
Mr. V. Sivakumar	2	No
Mr. K.R. Krishnamurthy	3	No
Dr. M. Ramakrishnan	3	No
Prof. V.K. Gaur	4	No

Note : Mr. K.R. Krishnamurthy, Chairman of the Audit Committee was not present at the previous Annual General Meeting. He had authorized Mr. Sandeep Lakhwara, Managing Director to answer the queries, if any of the shareholders with regard to financial accounts of the Company at the previous Annual General Meeting.

3. AUDIT COMMITTEE

a) BRIEF DESCRIPTION OF TERMS OF REFERENCE

The terms of reference of the Audit Committee as defined by the Board are as under:

- i) Hold discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditor and review the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- ii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- iii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- iv) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgement by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.
- vi) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.



- ix) Discussion with internal auditors on any significant findings and follow up there on.
- x) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- xi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- xiii) Review of information as prescribed under Clause 49 (II)(E) of the listing agreement.

POWERS OF THE AUDIT COMMITTEE

Further, the Board has delegated the following powers to the Audit Committee:

- i) Investigating any activity within its terms of reference as above, or in relation to the items specified in Section 292A of the Companies Act, 1956, or as may be referred to it by the Board, from time to time and for this purpose, it shall have full access to information contained in the records of the Company and external professional advice, if necessary.
- ii) Seek information from any employee.
- iii) Obtain outside legal or other professional advice, if necessary.
- iv) Secure attendance of outsiders with relevant expertise, if it considers necessary.

b) Composition, Name of Members & Chairperson

The Committee comprises 3 Non Executive Directors, all of whom are Independent Directors. All the members of the Committee are financially literate. The Chairman of the Committee is an Independent Director and is the member with accounting or related financial management expertise

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

Name of member	Designation
Mr. K.R. Krishnamurthy	Chairman
Dr. M. Ramakrishnan	Member
Prof. V.K. Gaur	Member

c) Meetings and attendance during the year

Five Audit Committee Meetings were held during the financial year 2008 – 09. These meetings were held on 23 April, 2008; 27 June, 2008; 18 July, 2008; 31 October, 2008 and 30 January, 2009.

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

Name of Member	No. of Meetings Attended
Mr. K.R. Krishnamurthy	3
Dr. M. Ramakrishnan	4
Prof. V.K. Gaur	4

- d) The Company Secretary acts as Secretary to the Committee. Further, the Audit Committee invites such of the executives of the Company as it considers appropriate to be present at its meetings. The representatives of the Statutory Auditors are also invited to these meetings.

4. REMUNERATION COMMITTEE

A) BRIEF DESCRIPTION OF TERMS OF REFERENCE

Although a non-mandatory requirement, the Company has constituted a Remuneration Committee.

The terms of reference of the Committee is to review and recommend compensation payable to the Executive Directors and Senior Management of the company. It shall also administer the Company’s stock option plans, if any, including the



review and grant of the stock options to eligible employees under such plans. The Committee may review the performance of the Executive Directors, if any and for the said purpose may lay down requisite parameters for each of the Executive Directors at the beginning of the year.

B) COMPOSITION, NAME OF MEMBERS AND CHAIRPERSON

The Committee comprises of Non Executive Directors and the Chairman is an Independent Director.

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

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

C) ATTENDANCE DURING THE YEAR

The Remuneration Committee did not meet during the year 2008-09.

D) REMUNERATION POLICY & DETAILS OF REMUNERATION TO ALL DIRECTORS

i) Management Staff :

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

ii) Non-Executive Directors

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

Details of the sitting fee paid to Non Executive Directors during the year 2008-09 is as under:

(in Rs.)

Name of the Director / Member	Sitting Fee paid for attending meetings of	
	Board	Audit Committee
Dr. M. Ramakrishnan	15,000	10,000
Mr. K.R. Krishnamurthy	15,000	7,500
Prof. V.K. Gaur	20,000	10,000
Total	50,000	27,500

iii) Executive Directors

The aggregate of the salary paid in the financial year 2008 – 09 to Mr. Sandeep Lakhwara, Managing Director is Rs. 12,00,000/-.

5. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

a) Name of Non Executive Director heading the Committee

Mr. K.R. Krishnamurthy, a Non Executive Director heads the Committee.

This Committee has been constituted to look into investor's complaints like transfer of shares, non-receipt of declared dividends, etc. and take necessary steps for redressal thereof. Presently, the Registrars & Share Transfer Agents of the Company are attending to the share transfer requests on a regular basis.

The Committee met twice during the financial year 2008-09. These meetings were held on 23 April, 2008 and 30 January, 2009.



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

Name of Director	Designation	No. of Meetings Attended
Mr. K.R. Krishnamurthy	Chairman	2
Mr. Sandeep Lakhwara	Member	2

b) Compliance Officer

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

c) Shareholder Complaints

During the financial year 2008-09, the Company did not receive any shareholder complaints. As such, there were no pending complaints at the end of the year.

6. GENERAL BODY MEETINGS

i) Location, time and date of holding of the last three Annual General Meetings (AGM) are given below:

Financial Year	Date	Time	Location of the Meeting
2005-06	30/11/2006	11.00 a.m.	Wodehouse Gymkhana, 182, Maharshi Karve Road, Mumbai – 400 021.
2006-07	14/12/2007	10.30 a.m.	The Plaza Room, Hotel Marine Plaza, 29, Marine Drive, Mumbai – 400 020.
2007-08	28/11/2008	11.00 a.m.	Royal Room, 3 rd Floor, Sunville Banquets, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

ii) Special Resolutions during previous three Annual General Meetings:

Date of AGM	Particulars of Special Resolutions Passed
30/11/2006	Nil
14/12/2007	Reappointment of Mr. Sandeep Lakhwara as Managing Director for 3 years with effect from 1 st May, 2007.
28/11/2008	Introduction of Employee Stock Option Plan (ESOP) to the employees of the Company and its subsidiaries.

iii) During the financial year 2008-09, no resolutions were passed through Postal Ballot.

iv) Resolutions if any passed by Postal Ballot shall be in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Procedure for Passing of Postal Ballot) Rules, 2001.

v) No Special resolution is proposed to be passed through Postal Ballot in the ensuing AGM.

7. DISCLOSURES

a) The Company did not have any related party transactions, i.e. transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the Notes to Accounts in the financial statements as at March 31, 2009.

b) There was no non-compliance in respect of any matter related to the capital markets by the Company during the last 3 years. Further, there was no penalty / strictures imposed on the Company by any Stock Exchange, SEBI or any Statutory Authority on any matter related to the capital markets during the last 3 years.

c) The Company has complied with all the mandatory requirements as contained in Clause 49 of the Listing Agreement.



8. MEANS OF COMMUNICATION

- i. The quarterly/half yearly/yearly results are published in leading English and Marathi newspapers. Further, they are also submitted to the BSE upon their approval by the Board of Directors and are available on the website of BSE (www.bseindia.com).
- ii. The website of the Company (www.deccangoldmines.com) also displays official news releases issued on behalf of the Company.
- iii. No presentations were made to institutional investors or to the analysts during the year under review.

9. GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting:

Day / Date : Tuesday, 29 September, 2009
 Time : 11.00 a.m.
 Venue : Royal Room,
 3rd Floor, Sunville Banquets,
 9, Dr. Annie Besant Road, Worli
 Mumbai – 400 018.

ii. Financial Year:

The Company follows April-March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter.

iii. Date of Book Closure

26th September, 2009 to 29th September, 2009 (both days inclusive)

iv. Dividend Payment Date

Not applicable

v. Listing on Stock Exchanges

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

vi. Stock Code

512068 (BSE).

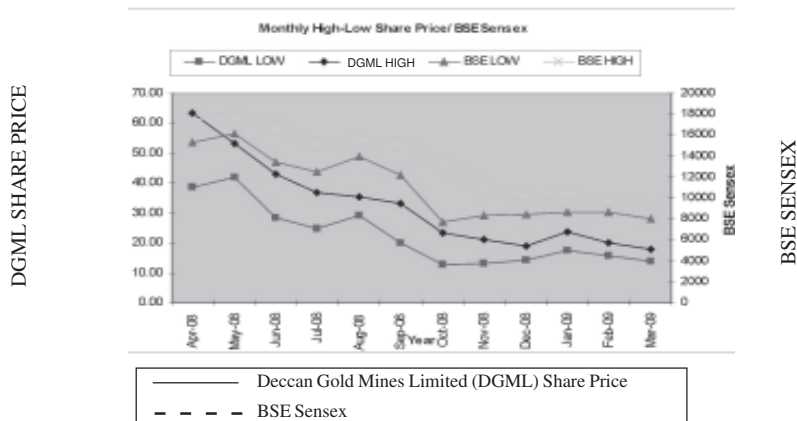
vii. MARKET PRICE DATA – HIGH & LOW DURING EACH MONTH OF LAST FINANCIAL YEAR

The monthly high and low quotations of the Company's shares traded on the BSE is as follows:

Month	BSE	
	High (Rs.)	Low (Rs.)
April 2008	63.45	38.65
May 2008	53.20	41.95
June 2008	43.00	28.55
July 2008	36.90	24.90
August 2008	35.45	29.00
September 2008	33.00	20.10
October 2008	23.20	12.70
November 2008	21.11	13.00
December 2008	18.85	14.10
January 2009	23.70	17.35
February 2009	20.20	15.75
March 2009	17.75	13.75



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



ix. REGISTRAR AND TRANSFER AGENTS

Link Intime India Private Limited
 (formerly Intime Spectrum Registry Limited)
 Pannalal Silk Mills Compound, C-13, L.B.S. Marg,
 Bhandup (W), Mumbai – 400 078.
 Tel. No. 91-22-25963838 & Fax 91-22-5555353
 E-mail : mumbai@linkintime.co.in

x. SHARE TRANSFER SYSTEM

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

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

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

xi. SHAREHOLDING PATTERN & DISTRIBUTION OF SHAREHOLDING

a) Shareholding Pattern (as at 31st March, 2009)

Sr. No.	Category	No. of Shares held	%
1.	Promoter Group	29971847	51.28
2.	Banks/FI/FII/Mutual Funds / UTI / Central & State Govt./ Venture Capital / Foreign Venture Capital / Trusts	600	0.00
3.	Bodies Corporate	2972850	5.09
4.	Individual shareholders (holding shares of nominal value less than or equal to Rs. 1 lac)	15356181	26.27
5.	Individual shareholders (holding shares of nominal value of more than Rs. 1 lac)	2020349	3.46
6.	Clearing Member	456313	0.78
7.	Non Resident Indian / OCB	671860	1.14
8.	Foreign Companies	7000000	11.98
	Total	58450000	100.00


b) Distribution of Shareholding (as at 31st March, 2009)

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount (Rs.)	% of Total
1 - 5,000	21931	97.72	9671574	16.55
5,001 - 10,000	273	1.22	2119410	3.63
10,001 - 20,000	118	0.53	1653958	2.83
20,001 - 30,000	48	0.21	1190202	2.04
30,001 - 40,000	25	0.11	885492	1.51
40,001 - 50,000	11	0.05	509089	0.87
50,001 - 100,000	20	0.09	1537292	2.63
100,001 and above	17	0.07	40882983	69.94
TOTAL	22443	100.00	58450000	100.00

xii. Dematerialisation of Shares and Liquidity

About 99.72% of the shares have been dematerialized as on 31 March, 2009. The equity shares of the Company are traded at Bombay Stock Exchange Limited (BSE).

xiii. Details of Shares held by Non-Executive Directors as on 31st March 2009

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

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

The Company has not issued any GDRs / ADRs / Warrants or any Convertible instruments which were outstanding as of 31 March, 2009.

xiv. Plant locations

Nil. The Company does not have any manufacturing activities.

xv. Address for Correspondence:

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

Link Intime India Private Limited
 (formerly Intime Spectrum Registry Limited)
 Pannalal Silk Mills Compound,
 C-13, L.B.S. Marg,
 Bhandup (W), Mumbai – 400 078.
 Tel. No. 91-22-25963838 & Fax 91-22-55555353
 E-mail : mumbai@linkintime.co.in



For General Correspondence

Deccan Gold Mines Limited
"Raja Ikon Building", 4th Floor,
89/1, Marathahalli Outer Ring Road, Bangalore – 560 037.
Tel : 91-80-40428400 & Fax : 91-80-40428401
e-mail : info@deccangoldmines.com

10) NON-MANDATORY REQUIREMENTS :

I. The Board

- (a) An office for the use of the Chairman is made available whenever required.
- (b) At present there is no policy fixing the tenure of independent directors.

II. Remuneration Committee

Particulars of constitution of Remuneration Committee and terms of reference thereof has been detailed earlier.

III. Shareholders' Rights

Half yearly financial results including summary of the significant events in last six months are presently, not being sent to shareholders of the Company.

IV. Audit Qualifications

The financial accounts of the Company are unqualified.

V. Training of Board Members

There is no formal policy at present for training of the Board Members of the Company as the members of the Board are eminent and experienced professional persons.

VI. Mechanism for evaluating non-executive board members

There is no formal mechanism existing at present for performance evaluation of non-executive directors.

VII. Whistle Blower Policy

The Company has not implemented the whistle blower policy.

CODE OF CONDUCT DECLARATION

Pursuant to Clause 49 I (D) of the Listing Agreement entered into with the Stock Exchanges, I hereby declare that the Company has obtained affirmative compliance with the code of conduct from all the Board members and senior management personnel of the Company.

Place : Bangalore
Date : 20 July, 2009

Sandeep Lakhwara
Managing Director