

**DIRECTORS' REPORT**

To  
The Members,

We have pleasure in presenting the 20th Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st March 2004. The summarized financial results are given below.

FINANCIAL RESULTS:		(Rs. in '000s)
Particulars	2003-04	2002-03
Total Income	-	123.93
Profit / (Loss) before Taxation	<u>(2946.66)</u>	<u>(91.10)</u>
Less: Provision for Tax	-	-
Profit / (Loss) after Tax	(2946.66)	(91.10)
Balance brought forward	<u>(779.76)</u>	<u>(688.66)</u>
Balance transferred to Balance Sheet	(3726.42)	(779.76)

During the year, the Company incurred Rs. 62.55 lac on exploration activities and Rs. 29.47 lac on administrative and other expenses. The entire amount spent on exploration activities has been transferred to pre-operative expenses.

**OPERATIONS:**

The Company's business activities entail exploration for gold with a view to discovering economically viable gold deposits for exploitation. During the year, the Company entered into agreements to acquire gold prospects for exploration from Geomysore Services (India) Pvt Ltd and Indophil Resources Exploration Private Limited. Both of these companies are associated to Deccan Gold Mines Ltd. During the year, the Company also successfully raised additional funds of Rs 4.9 crore through a rights issue. These funds were deployed in carrying out exploration activities on five prospects, namely North Hutti, South Hutti, Mangalur and Dharwar-Shimoga belt in Karnataka and Ramagiri in Andhra Pradesh. Results from these prospects so far, have been very encouraging. A detailed report on exploration activities and the results there from is given at the beginning of the Annual Report. The preliminary results from exploration activities will lead the Company into undertaking more detailed and intensive exploration and drilling programs on these prospects, so that the potential mineable resources of gold within these prospects can be identified. In addition to these prospects, which are being transferred to the Company, further applications for Reconnaissance Permits to the various State Governments have also been made by the Company.

**RIGHTS ISSUE:**

The Company successfully completed its Rights Issue of 4,90,00,000 Equity Share of Re.1/- each for cash at par aggregating to Rs. 4,90,00,000/- during the year. The new shares were listed on the Stock Exchange on 1st April 2004.

**SUB-DIVISION OF SHARES:**

The Equity Share of the Company of the face value of Rs. 10/- each were subdivided into 10 Equity Shares of Re. 1/- each pursuant to the resolution passed at the Extra Ordinary General Meeting of the Company held on 18th February 2003. The Company had fixed 30th December 2003 as record date for the sub-division. The sub-divided Equity Shares of the face value of Re. 1/- each commenced trading on the Stock Exchange, Mumbai effectively from 31st December 2003.

**APPOINTMENT OF NEW SHARE TRANSFER AGENTS:**

The Company appointed Intime Spectrum Registry Limited as Share Transfer Agents in place of R&D Consultants Limited with effect from 1st February 2004.



## **CORPORATE GOVERNANCE:**

Note on Corporate Governance along with the Auditors' Certificate as required under Listing Agreement is attached hereto.

## **DIRECTORS:**

Mr. Ashok Kumar Gupta retires by rotation and being eligible, offers himself for re-election.

Prof. V.K.Gaur, Dr. M. Ramakrishnan and Mr. K.R.Krishnamurthy were appointed as Additional Directors of the Company with effect from 24th April 2004. Pursuant to the provisions of Section 260 of the Companies Act, 1956, they hold offices upto the date of ensuing Annual General Meeting and are eligible for re-election. The Company has received notices in writing from members of the Company pursuant to the provisions of Section 257 of the Act signifying their intentions to propose their appointments as Directors of the Company. Accordingly resolutions have been proposed in the Notice convening the forthcoming Annual General Meeting for the appointments of Prof. V.K.Gaur, Dr. M. Ramakrishnan and Mr. K.R.Krishnamurthy as Directors of the Company. If appointed, they shall be liable to retire by rotation.

Mr. Sandeep Lakhwara was appointed as Managing Director of the Company for a period of three years with effect from 1st May 2004. The resolution seeking consent of the members for appointment of Mr. Sandeep Lakhwara as Managing Director of the Company has been set out in the notice convening the Annual General Meeting.

## **AUDITORS:**

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

## **RESPONSIBILITY STATEMENT:**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 -

- a. Your Directors state that in preparation of the accounts, the applicable accounting standards have been followed.
- b. 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 affairs of the Company as at 31 March 2004 and the loss of the Company for the year ended on that date.
- c. 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.
- d. Your Directors have prepared the Statement of Accounts for the year ended 31st March 2004 on a going concern basis.

## **FIXED DEPOSITS:**

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

## **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.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO:**



i. Conservation of Energy and Technology Absorption:

Considering the nature of 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:**

The Directors wish to thank the Government of India, various State Governments, authorities and above all its shareholders and investors for their continued support and co-operation.

The Directors also wish to place on record the appreciation of the services of all those who helped the Company to complete the Rights Issue during the year successfully.

For and on behalf of Board

**BANGALORE**  
**31st July 2004**

**Charles E. E. Devenish**  
Chairman