



## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the next Annual General Meeting of Deccan Gold Mines Limited will be held on Thursday, 30th day of November, 2006 at 11.00 A.M. at Wodehouse Gymkhana, 182, Maharishi Karve Road, Mumbai-400 021 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2006 and the Audited Balance Sheet as on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. M. Ramakrishnan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Prof. V.K. Gaur who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. V.K. Beswal & Associates, Chartered Accountants, Mumbai as Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company and authorize the Board of Directors to fix their remuneration.

### **SPECIAL BUSINESS :**

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

“RESOLVED THAT Mr. Vaidyanathan Sivakumar, who was appointed as an Additional Director the Company with effect from 29th May 2006 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company and who holds office till the conclusion of this Annual General Meeting, and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director subject to retirement by rotation, under the Articles of Association of the Company. “

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

“RESOLVED THAT Mr. Taveesh Pandey, who was appointed as an Additional Director the Company with effect from 29th May 2006 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company and who holds office till the conclusion of this Annual General Meeting, and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director subject to retirement by rotation, under the Articles of Association of the Company. “

By order of the Board  
For **Deccan Gold Mines Limited**,

Place : Bangalore  
Dated: 30<sup>th</sup> October, 2006

S. Subramaniam  
Company Secretary

### **REGISTERED OFFICE:**

49A, Nariman Bhavan,  
227, Nariman Point,  
Mumbai – 400 021



**NOTES:**

1. The Relative Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of the Special Business to be transacted at the meeting is appended hereto.
2. ***A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.***
3. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours (forty eight hours) before the time fixed for holding the meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 28<sup>th</sup> November 2006 to Wednesday, the 29<sup>th</sup> November, 2006 (both days inclusive).
5. The Annual Reports and Attendance slips will not be distributed at the Annual General Meeting. Shareholders / Proxies are requested to bring the same along with them.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM NOS. 5 AND 6**

Mr. Vaidyanathan Sivakumar and Mr. Taveesh Pandey were appointed as an Additional Directors of the Company with effect from 29<sup>th</sup> May 2006. Pursuant to the provisions of the Section 260 of the Companies Act, 1956, the term of office of the aforesaid Additional Directors shall expire at the ensuing Annual General Meeting of the Company. In the meantime, the Company has received notice under Section 257 of the said act from a shareholder proposing the respective candidature of Mr. Vaidyanathan Sivakumar and Mr. Taveesh Pandey for the office of Director of the Company. The Board recommends the appointment of Mr. Vaidyanathan Sivakumar and Mr. Taveesh Pandey as Directors of the Company.

The resolution vide Item Nos. 5 and 6 are, therefore, proposed for the approval of the Members.

Mr. Vaidyanathan Sivakumar and Mr. Taveesh Pandey shall be deemed to be concerned or interested in the resolution for their respective appointment. Apart from the said Directors, no other Director shall be deemed to be concerned or interested in the said resolutions.

By order of the Board  
For **Deccan Gold Mines Limited,**

Place : Bangalore  
Dated: 30<sup>th</sup> October, 2006

S. Subramaniam  
Company Secretary

**REGISTERED OFFICE:**

49A, Nariman Bhavan,  
227, Nariman Point,  
Mumbai – 400 021



**INFORMATION ABOUT DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT  
AT THE ANNUAL GENERAL MEETING**

(Pursuant to Clause 49(IV)(G)(i) of the Listing Agreement entered into with Stock Exchange viz., BSE)

**(1) Dr. M. Ramakrishnan**

Dr. Ramakrishnan is well known Precambrian Geologist of the Country. He was earlier Senior Deputy Director General of the Geological Survey of India. He served as Editor of the Geological Survey of India and at present is its Vice-President. He is a Fellow of the Indian Academy of Sciences.

In terms of Clause 49(IV)(G)(i)(c) of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note that Dr. M. Ramakrishnan is a director of Indophil Resources Exploration Services (India) Private Limited, a 100% subsidiary of Deccan Gold Mines Limited. Apart from this, Dr. Ramakrishnan does not hold Directorships / Committee Chairmanship or Membership in any other Company.

Further, in terms of Clause 49(IV)(E)(i)(v) of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note Dr. M. Ramakrishnan does not hold any shares in the Company as on 30<sup>th</sup> October, 2006 (either in his own name or held by / for other persons on a beneficial basis).

**(2) Prof. V. K. Gaur**

Professor Vinod Gaur is an eminent geoscientist of this country. He was earlier Director of the National Geophysical Research Institute and Secretary of the Department of Ocean Development, Government of India. He is a Distinguished Scientist of the Council of Scientific and Industrial Research and Distinguished Professor at the Indian Institute of Astrophysics. His special interests are Seismotectonics and promotion of earth sciences in the country. He is a Fellow of all the three National Science Academies of the country and also Fellow of the Third World Academy of Sciences. He is also honorary fellow of the IUGG.

In terms of Clause 49(IV)(G)(i)(c) of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note that Prof. Gaur does not hold Directorships / Committee Chairmanship or Membership in any other Company.

Further, in terms of Clause 49(IV)(E)(i)(v) of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note Prof. Gaur does not hold any shares in the Company as on 30<sup>th</sup> October, 2006 (either in his own name or held by / for other persons on a beneficial basis).

**(3) Mr. Vaidyanathan Sivakumar**

Mr. Vaidyanathan Sivakumar spent several years in equity and credit research in public markets with Crosby Securities, Peregrine Capital and CRISIL where his roles ranged from Analyst to Head of Research and functions included stock analysis, asset allocation and investment strategy and building and managing research teams and products. He also has six years industrial experience with ICI India where he worked in several commercial functions. Mr. Sivakumar holds engineering and management degrees from the Indian Institute of Technology and Indian Institute of Management, Ahmedabad respectively

In terms of Clause 49(IV)(G)(i)(c) of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note that Mr. Vaidyanathan Sivakumar is also a director in the following companies:

Geomysore Services (India) Private Limited  
Jhansi Mining Private Limited  
Trident Minerals Resources Private Limited  
Indian Australian Mining Company Private Limited  
Goan Mineral Resources Private Limited  
Premier Nickel Mines Private Limited  
Premier Mineral Exploration Private Limited

Mr. Vaidyanathan Sivakumar does not hold Chairmanship/Membership of Committees of any other companies.

Further, in terms of Clause 49(IV)(E)(i)(v) of the Listing Agreement entered into with the Stock Exchange viz., BSE, the



shareholders may take note Mr. Vaidyanathan Sivakumar does not hold any shares in the Company as on 30<sup>th</sup> October, 2006 (either in his own name or held by / for other persons on a beneficial basis).

**(4) Mr. Taveesh Pandey**

Mr. Taveesh Pandey was earlier working with International Finance Corporation (the private sector arm of the World Bank group) where he originated, structured and closed a \$400 million transaction- IFC's largest ever single borrower exposure to India and one of the largest ever IFC transactions worldwide. He also led some of IFC's unique transactions in the Telecom and IT Services domain and was instrumental in increasing IFC's equity exposure to the Indian market.

Prior to IFC, Mr. Taveesh was with CRISIL (India's leading credit rating agency and now part of Standard & Poor's) where he developed CRISIL's analytical framework and business flow for Indian telecom service providers and created & commercially launched innovative rating products. Mr. Taveesh holds an MBA from the Indian Institute of Management (Ahmedabad) and a first degree in Economics (Honours) from the University of Delhi

In terms of Clause 49(IV)(G)(i)(c) of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note that Mr. Taveesh Pandey does not hold Directorships / Committee Chairmanship or Membership in any other Company.

Further, in terms of Clause 49(IV)(E)(i)(v) of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note Mr. Taveesh Pandey holds 19,500 equity shares in the Company in his own name as on 30<sup>th</sup> October, 2006. Apart from this, Mr. Taveesh Pandey does not hold any shares of the Company by / for other persons on a beneficial basis.



## 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 2006.

### 1. Financial Results

(Rs in '000s)

Particulars	2005-06	2004-05
Total Income	4124	785
Profit/(Loss) before Taxation	(4988)	(5972)
Profit/(Loss) after Tax	(5017)	(5972)
Balance brought forward	(9699)	(3727)
Balance transferred to Balance Sheet	(14716)	(9699)

During the year, the Company incurred Rs. 328.08 lacs on exploration activities and Rs. 91.22 lacs on administrative and other expenses. The entire amount spent on exploration activities has been transferred to pre-operative expenses.

### 2. BUSINESS OPERATIONS AND OUTLOOK

Across the globe, the price of gold is moving higher and according to analysts, it will continue to do so for the next couple of years. Against this backdrop, even a small gold discovery can have a major impact on the discoverer company's valuation.

Your Company has identified potential gold deposits within its prospects in the Southern States and the same are awaiting intensive drilling upon grant of prospecting or mining licences. With the new mineral policy on the anvil, the prospects for the sector look bright. Your Company and its management are well poised to take advantage of the opportunities that emerge on the horizon.

For full details please refer to the segment titled "Management Discussion and Analysis Report" published elsewhere in this Annual Report.

### 3. INVESTMENT BY SUN GROUP

The shareholders would be happy to note that Sun Mining And Exploration Limited, Cyprus, a part of the Sun Group has invested in the Company. Sun Group is a leading business and investment house based principally in India and the countries of the Russia / CIS and has business interests the mining, energy and other core infrastructure sectors.

Pursuant to the approval accorded by the shareholders of the Company, at their Extraordinary General Meeting held on 17<sup>th</sup> April, 2006, the Board of Directors have, vide resolution dated 1<sup>st</sup> May, 2006, issued on preferential basis:

- (a) 70,00,000 equity shares at a price of Rs.15.10/- each (including a premium of Rs. 14.10/- per share) to Sun Mining and Exploration Limited, Cyprus.
- (b) 110,77,027 warrants convertible (within 18 months from the date of issue) into 110,77,027 equity shares at a price of Rs.15.10/- each (including a premium of Rs.14.10/- per warrant/share) to Sun Mining and Exploration Limited, Cyprus.

The Company has received Rs. 10.57 crores towards issue of the aforesaid Equity Shares and Rs. 1.67 crores towards 10% of the exercise price of the aforesaid warrants.

The fund inflow would help the Company to fast track the existing projects, finance acquisitions, acquire and develop additional areas.

### 4. SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act, 1956, the audited Profit and Loss Account for the year ended March 31, 2006 along with the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon of Indophil Resources Exploration Services (India) Private Limited, a subsidiary company is attached.

**5. 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, Company Secretaries, 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.

**6. BOARD OF DIRECTORS**

Dr. M. Ramakrishnan and Prof. V.K. Gaur are the Directors who retire by rotation and being eligible, offer themselves for reappointment.

Mr. Vaidyanathan Sivakumar who was appointed as Additional Director with effect from 29th May, 2006 holds his position up to the date of the ensuing Annual General Meeting of the Company. Mr. Vaidyanathan Sivakumar is eligible for appointment as Director of the Company.

Mr. Taveesh Pandey, who was appointed as Additional Director with effect from 29th May, 2006 holds his position up to the date of the ensuing Annual General Meeting of the Company. Mr. Taveesh Pandey is eligible for appointment as Director of the Company.

The Company has received Notice (s) under Section 257 of the Companies Act, 1956 from shareholder (s) proposing the candidature of Mr. Vaidyanathan Sivakumar and Mr. Taveesh Pandey respectively for Directorship.

During the year under review, Mr. Ashok Gupta had tendered resignation from the position of Director due to other preoccupations with effect from 31<sup>st</sup> January, 2006. Your Directors place on record their deep appreciation for the valuable contribution made by Mr. Ashok Gupta during his tenure.

**7. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- 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 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 ended 31<sup>st</sup> March, 2006 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 March 31, 2006 on a going concern basis.

**8. 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.

**9. AUDITORS**

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

**10. 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.



**11. FIXED DEPOSITS**

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

**12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGES 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 or outgo.

**13. ACKNOWLEDGEMENT**

The Directors wish to express their gratitude to all the business associates and the various Government Departments and Agencies for their continuous support to the Company 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: 30<sup>th</sup> October, 2006

**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 2006
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	Nil
	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	168
	ii) For the previous financial year of the subsidiary	50
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

**Charles E. E. Devenish**  
Chairman

**Sandeep Lakhwara**  
Managing Director

**M. Ramakrishnan**  
Director

**V. K. Gaur**  
Director

Place : Bangalore  
Dated: 30th October, 2006

**S. Subramaniam**  
Company Secretary





## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INTRODUCTION

Deccan Gold Mines Ltd (DGML) is the only gold exploration company listed on the Bombay Stock Exchange Limited. Its activities comprise exploration for gold in prospects held by the Company and its 100% owned subsidiary Indophil Resources Exploration Services Pvt Ltd. Its aim is to make discoveries of economically viable gold deposits suitable for exploitation within its prospects located in the states of Karnataka, Andhra Pradesh, Kerala and Rajasthan.

The Company has identified several gold mineralized zones within these prospects worthy of further investigation. Prospecting Licence (PL) applications have been lodged over these mineralized zones by the Company. Grant of the PLs will enable the Company to undertake detailed drilling and feasibility studies to delineate the gold deposits and ascertain the viability of mining.

The Company has also lodged Mining Licence (ML) applications over four (4) areas covering a total of 3.18 sq km in the States of Rajasthan and Karnataka, where DGML has identified gold and silver deposits. Details on the ML applications have been provided in the "Exploration Permits and Applications" section of this Annual Report. Information on our exploration results in areas over which DGML has lodged ML applications is contained in "Report on Exploration Activities" section of this Annual Report.

### INDUSTRY REVIEW

Several factors over the last few years have been driving the price of gold upwards with the price peaking at US\$ 725.75 per ounce in May 2006 from a low of US \$252.9 in July 1999. The factors are diverse and incorporate global monetary, political and economic influences. A weak US \$, negative real interest rates in the US, demand for gold exceeding supply, geopolitical tensions and de hedging by producers are some of these factors. Gold gurus internationally see factors favouring gold to continue over the ensuing years and are predicting gold price highs well beyond what has been achieved.

Whilst the top 10 gold producers internationally produced a total of about 1,861 tonnes of gold in 2005, the rest of the world produced about 657 tonnes of which India contributed a very small 3 tonnes all of it produced by The Hutti Gold Mines Ltd. In the same year, Newmont Mining of USA ranked no 1 with a production of 199 tonnes, closely followed by AngloGold Ashanti of South Africa with 192 tonnes and Barrick Gold of Canada with 170 tonnes. South Africa's gold mine production in 2005 was 297 tonnes followed by Australia at 263 tonnes and USA at 262 tonnes. (Source: GFMS)

Gold has been known to Indians for over 8000 years. There are tell tale signs of old gold workings throughout the country. Geologically the Indian terrain is largely comprised of pre cambrian rocks which have been the source of gold discoveries for majority of the gold produced worldwide. Yet India's contribution to world gold production has been abysmal. One reason for this outcome is lack of adequate exploration. 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.

Amongst other issues, the policy needs to provide for unbundling and seamlessness in the grant of permits so that the process is less cumbersome and time consuming and provides for complete security of tenure. Estimates suggest that India has only spent an average of US \$35 million into exploration per annum over the last decade. Internationally, the figure spent by some countries is more than 10 times this amount.

In an article published by The National Herald in New Delhi on October 1, 2006, "Prime Minister Manmohan Singh has directed the Mining Minister Sis Ram Ola to finalise the new mining policy before the winter session of Parliament. Dr Singh, has also asked Mr Ola to urgently sort out the differences between the Centre and mineral rich states on the issues of value addition and delays in the grant of permits by the states." A high level Committee had been set up in September 2005 under the chairmanship of Mr Hoda and asked to suggest policy changes needed to attract more foreign and domestic investment in the mineral exploration sector. The committee presented its report in June this year.

Worldwide the gold reserves are on the decline and demand for gold is on the increase. There is a shift from central banks selling gold to these banks buying gold, investors and speculators in gold are increasingly becoming more active, gold producers are de hedging their inventories, more gold is being fabricated into jewellery, and countries like China are likely to convert some of their massive foreign exchange reserves into gold.

Yet the supply is dwindling. According to a study published by Beacon Group advisors in 2002, gold mine production will drop between 30-35% over the next 7-8 years, due to lack of exploration during the 1997-2002 period. Exploration budgets had been cut by 67% in this period as the price of gold stood below US \$350 an ounce. Exploration programs simply weren't profitable at this price level. No exploration means no new gold deposits. A declining gold production cannot be reversed easily. It takes a long time to make new discoveries and then bring the discovery into production.



Clearly, there is an urgent need for more money to be spent on exploration, so that new discoveries are made to replenish the dwindling supplies. The Indian geological terrain also offers the potential to attract major investment into gold exploration, but to do so the regulations and administrative procedures and practices governing the exploration sector must be completely overhauled.

## PERFORMANCE

Full details of exploration work undertaken by the Company are contained in “Report on Exploration Activities” forming part of this Annual Report. Some of the highlights are noted below.

The Hirenagur prospect, located 5 km SE of the Hutti Gold Mines, in Karnataka, continues to deliver great results. The highlight here has been the establishment of a 2 km long (increased from 1.2 km in the year before last) and 50 m wide gold bearing zone with rock chip samples showing values of up to 7.78g/t. In addition, channel sampling across the 50 m wide zone resulted in identifying sub parallel mineralized zones of 2 to 15 m width with gold of 1 to 3 g/t. The potential to undertake open pit gold mining operations in this prospect remain high. A Mining Lease (ML) application covering the gold bearing zone of 0.65 sq km was lodged in June 2006 by the Company’s 100% owned subsidiary IRES, after obtaining the consent of land owners. The application is in the processing stage with the Department of Mines and Geology, Karnataka. More detailed drilling needs to be undertaken upon grant of the licence to delineate the potential gold reserve.

A Mining Lease application was also lodged over a highly mineralized gold zone of 0.29 sq km within the Ganajur Main prospect held by IRES. A total of 1005 m of drilling over a strike length of 372 metres gave strong gold intersections resulting in the estimation of a probable resource of 1.53 tonnes grading 3.79 g/t. As with the Hirenagur Prospect, a detailed drilling program will also be undertaken here upon grant of the ML.

The Attapadi Prospect in Kerala also received a lot of attention in this last year with a team of geologists servicing the prospect from Coimbatore. Some of the work carried out included geological mapping, collection and analysis of a large number of stream sediment samples, collection and analysis of rock chip samples which have confirmed the high gold bearing potential of the rocks in the 834 sq km area of the Attapadi block. The prospect is indeed shaping up very well with reconnaissance drilling planned in the prospect shortly.

DGML together with its 100% owned subsidiary has lodged 9 Reconnaissance Permit applications over 10, 711 sq km in four States, 27 Prospecting Licence applications over 369.7 sq km and 4 Mining Lease applications over 3.18 sq km. Please refer to segment title “Exploration Permits and Applications” for full details.

Sun Mining and Exploration Ltd (Sun), part of the US \$ 2 billion multinational Sun group of Companies, majority owned by the Khemka family with investments in the oil and gas sector, real estate, and other international mining projects has invested an amount of Rs. 12.24 crores into the Company comprising of subscription price for 70,00,000 equity shares at a price of Rs.15.10/- each and 10% of the issue price in respect of 110,77,027 convertible warrants at a price of Rs. 15.10/- each. These investments were via a preferential allotment approved by the shareholders at an Extra Ordinary General Meeting held on 17<sup>th</sup> April, 2006. The convertible warrants held by Sun are due for conversion within 18 months of issue in terms of the statutory guidelines.

Your Company incurred a total expenditure of Rs. 328.08 lacs on exploration on its prospects for the year ended 31<sup>st</sup> March, 2006. The amount of exploration expenditure incurred last year was Rs. 227.71 lacs.

Administrative and other costs for the year ended 31<sup>st</sup> March, 2006 were Rs. 91.22 lacs compared to Rs. 67.57 lacs for the year ended 31<sup>st</sup> March, 2005.

The net loss of the Company for the year ended 31<sup>st</sup> March, 2006 was Rs. 49.98 lacs compared to Rs. 59.72 lacs for the year ended 31<sup>st</sup> March, 2005. Exploration companies, by their very nature, will not generate mining revenues until commencement of mining operations.

Your company’s working capital funds as at 31<sup>st</sup> March, 2006 were Rs. 214.00 lacs compared to Rs. 105.21 lacs for the year ended 31<sup>st</sup> March, 2005.

## RISKS AND CONCERNS

The exploration activities being carried on by your Company are on prospects which are yet to be transferred to the Company by its subsidiary and associate companies. Indophil Resources Exploration Services (India) Private Limited, a subsidiary of your company and Geomysore Services India Private Limited, an associate company are awaiting the grant of PLs and MLs which, pursuant to agreements entered into with your company, would be transferred to your Company upon grant. It may be noted that 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 overtime. 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.

As is the case with every business venture, your Company is exposed to many technical and operational risks, which are diverse and range from inclement weather to incorrect geological estimates and include unfavourable regulatory atmosphere. It has to be appreciated that exploration is a speculative endeavor that may never result in finding economic deposits. Also, there is no guarantee that the capital expended on exploration will result in economically viable discoveries.

Further, the ability of your Company depends on the market factors that control the world market prices for gold. These are subject to very many variations and fluctuations.

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

## **OUTLOOK AND OPPORTUNITIES**

Worldwide declining gold reserves will benefit junior exploration companies because the major producers will have to go after them to replace their dwindling gold reserves, writes Eric Hommelberg in an article titled "Gold and Juniors". Statistics reveal that 75% of all gold discoveries are made by junior exploration/mining companies. Barrick Gold Corp has opened a Vancouver office to monitor junior exploration projects. Other major gold producers are also tracking gold exploration projects worldwide.

The major producers worldwide ofcourse will only be eyeing exploration companies with good prospects. Not enough funds have been spent on gold exploration by these major producers as noted by Alex Davidson, Vice President of one of the world's largest gold producers "Big mining companies need to spend more on exploration, or else, at current annual production rates, reserves will be depleted in 10 years and we're not currently funding exploration at a level required to replace reserves".

The price of gold is moving upwards and according to most analysts will continue to do so atleast over the few years surpassing the previous high of US \$725.75 reached in May 2006. In this environment, even a small gold discovery can have a major impact on the discoverer company's valuation. One reason for this is that the higher gold price makes otherwise marginal discoveries, say of low grade, or high grade but low quantum, still profitable to mine. Internationally, there are several examples where smaller quantities, say upwards of 100,000 ounces have been mined very profitably during the higher gold price phase.

DGML has identified potential gold deposits within its prospects in the southern states that are awaiting intensive drilling upon grant of Prospecting or Mining Licences. The Company has hired the services of an Australian mineral resource analyst with several years of international experience and authority holder from the well recognised Joint Ore Resources Committee (JORC) of Australia to assist with the Company's detailed drilling programs and feasibility studies within these prospects to ascertain the viability of mining. Two such deposits are located in the Ganajur Main prospect in the Dharwar Shimoga belt and the Hirenagnur prospect within the Hutti belt. Both of these deposits offer the potential for open pit mining and have been covered with Mining Lease applications. Details of the work undertaken within these prospects have been noted in "Report on Exploration Activities" in this Annual Report.

DGML will shortly enter into contracts for the provision of drilling services to the Company. Several thousand meters of drilling is proposed within the prospects where gold deposits have been identified. Both international and Indian drilling



companies have expressed an interest to undertake drilling work for the Company and have also provided quotations for this work. The Company will also continue to employ its Reverse Circulation rig acquired in the year 2005 for drilling purposes.

Delays in the grant of permits at both the State and the Central level have hindered the Company's ability to move ahead with its drilling programs and substantiation of gold resources in accordance with international norms. The matter is of concern to the Company. Your Directors have made several representations to the authorities in this respect. As noted in the "Industry Review" section, the matter is also of concern to our Prime Minister, Dr Manmohan Singh, who has issued a directive to the Mines Minister, Mr. Sis Ram Ola, to present the new mining policy for consideration by the winter session of Parliament and urgently sort out the delays in the grant of permits. A high level committee was also established in September 2005 under the Chairmanship of Mr Hoda to address the grievances of the exploration and mining industry and make recommendations to alleviate these grievances so that more private and foreign investment is attracted into this sector. Such recommendations have now been made.

DGML looks forward to the grant of its Prospecting and Mining Permits, so that it can undertake the next stage of exploration so urgently required to substantiate its potential gold resources. In every other respect, the Company is ready to deliver. It has identified experienced international and Indian drilling contractors capable of delivering large meterage of underground drilling in a timely and cost effective manner. It has obtained the services of an Australian resource analyst to assist the Company in complying with international norms when making discoveries of gold deposits. It has access to a brilliant team of very experienced Indian geologists who have assisted the Company in building up its gold resources. Most of all, it has identified gold resources with mining potential.

#### **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.

#### **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.

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

#### **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.



**PRACTICING 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 31<sup>st</sup> March 2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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 : 30<sup>th</sup> October, 2006

**Narayan Rathi**  
Partner  
FCS No. 1433



## REPORT ON CORPORATE GOVERNANCE

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

Corporate Governance is a dynamic concept thriving under constantly changing environment. Corporate Governance encompasses good corporate practices, laws, procedures, standards and implicit rules that determine a Management's ability to take sound decisions with respect to its various stakeholders viz. its shareholders, creditors, partners, associates, employees and the Government. The objective of Corporate Governance is to maximize long-term shareholder value through an open and transparent disclosure regime enabling every stakeholder to have access to fullest information about the Company and its functioning. Your Company is firmly of the view that Corporate Governance is not an end in itself but a facilitator in maximizing stakeholder value. Any Corporate which embodies principles of Corporate Governance like openness, transparency, ownership fairness in its functioning is bound to maximize stakeholder value and also its own corporate values.

In keeping with the above, your Company reaffirms its commitment to excellence in Corporate Governance and constantly strives to benchmark itself against the best, in its relentless pursuit to attain the highest standards of corporate values and ethics. This is done with the objective of generating long-term economic value for the shareholders, whilst concurrently respecting the interest of other stakeholders.

The Company has complied with the provisions of the amended Clause 49 of the Listing Agreement entered into with the BSE (which came into effect from January 1, 2006) 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 31st March, 2006)

The Board comprises of 5 Directors out of which one is an Executive Director and the other 4 are Non Executive Directors. Out of the 4 Non-Executive Directors, 3 are Independent Directors. The Chairman of the Board is a Non-Executive Director and one-third of the Board comprises of Independent Directors.

The Board represents a mix of professionalism, knowledge and experience. All the Non Executive Directors are highly experienced professionals in their respective field and in the corporate world.

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

Name of the Director	Designation	Category of Director-ship	No. of Other Directorships	No. of other Committee Memberships	
				Chairman	Member
Mr. Charles E. E. Devenish	Chairman	Promoter, Non-Executive; Non Independent	5	-	-
Mr. Sandeep Lakhwara	Managing Director	Executive; Non Independent	4	-	-
Dr. M. Ramakrishnan	Director	Non- Executive; Independent	1	-	-
Mr. K.R. Krishnamurthy	Director	Non-Executive; Independent	Nil	-	-
Prof. V.K. Gaur	Director	Non-Executive; Independent	Nil	-	-

\* 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, Shareholders' Grievance Committee and Remuneration Committee have been considered.



**b) Number of Board Meetings held & dates on which held**

Six Board Meetings were held during the financial year 2005-06. These meetings were held on 8<sup>th</sup> April 2005; 27<sup>th</sup> July 2005; 31<sup>st</sup> October 2005; 28<sup>th</sup> November 2005; 31<sup>st</sup> January 2006; and 20<sup>th</sup> March 2006.

**c) 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 27<sup>th</sup> December, 2005 are as follows:

<b>Name of the Director</b>	<b>No. of Board Meetings Attended</b>	<b>Attendance at Last Annual General Meeting</b>
Mr. Charles E. E. Devenish	3	YES
Mr. Sandeep Lakhwara	6	YES
Dr. M. Ramakrishnan	3	YES
Mr. K.R. Krishnamurthy	3	YES
Prof. V.K. Gaur	3	NO
Mr. Ashok Gupta *	3	YES

\* Resigned with effect from 31<sup>st</sup> January 2006

**d) Code of Conduct :**

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company.

### 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 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 out of which 2 are Independent Directors. All the members of the Committee are financially literate. The Chairman of the Committee is an Independent Director. Mr. Charles E.E. Devenish is the member with accounting or related financial management expertise in the Committee.

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) **Meetings and attendance during the year**

Five Audit Committee Meetings were held during the financial year 2005 – 06. These meetings were held on 8<sup>th</sup> April 2005; 27<sup>th</sup> July 2005; 31<sup>st</sup> October 2005; 28<sup>th</sup> November 2005; and 31<sup>st</sup> January 2006.





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	3
Mr. Charles E.E. Devenish	1

\* Chairman

- v) 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 and Internal 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 3 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 have any meeting during the financial year 2005 – 06.

##### D) REMUNERATION POLICY & DETAILS OF REMUNERATION TO ALL DIRECTORS

###### i) Management Staff

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

###### ii) Non-Executive Directors

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



Details of the Sitting fees paid to Non Executive Directors during the year 2005-06 is as under:

Name of the Director / Member	Sitting Fees paid for attending meetings of	
	Board	Audit Committee
Dr. M. Ramakrishnan	15000	7500
Mr. K.R. Krishnamurthy	15000	7500
Prof. V.K. Gaur	5000	-
<b>Total</b>	<b>35000</b>	<b>15000</b>

### iii) Executive Directors

The aggregate of the salary paid in the financial year 2005 – 06 to Mr. Sandeep Lakhwara, Managing Director is Rs. 8,40,000/-.

## 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

### a) Name of Non Executive Director heading the Committee

Mr. K.R. Krishnamurthy, a Non Executive Directors 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 4 times during the financial year 2005 – 06. These meetings were held on 8<sup>th</sup> April 2005; 27<sup>th</sup> July 2005; 31<sup>st</sup> October 2005; and 31<sup>st</sup> January 2006.

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	3
Dr. M. Ramakrishnan	Member	3
Mr. Sandeep Lakhwara	Member	4

### b) Compliance Officer

Mr. Manoj Deshmukh, Head- Legal & Company Secretary was the Compliance Officer during the financial year 2005 – 06.

Mr.S.Subramaniam, Company Secretary is the Compliance Officer of the Company with effect from 4<sup>th</sup> October, 2006.

### c) Shareholder Complaints

During the financial year 2005 – 06, the Company did not receive any complaints from shareholders. As such, there were no pending complaints as 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
2002-03	30/09/2003	11:00 a.m.	49A, Nariman Bhavan, 227, Nariman Point, Mumbai – 400 021
2003-04	24/09/2004	3:00 p.m.	Walchand Hirachand Hall, 4 <sup>th</sup> Floor, LNM IMC Building, Indian Merchant's Chambers Marg, Mumbai – 400 020
2004-05	27/12/2005	11.00 a.m.	Wodehouse Gymkhana, 182, Maharshi Karve Road, Mumbai – 400 021

ii) Special Resolutions during previous three Annual General Meetings:

Date of AGM	Particulars of Special Resolutions Passed
30/09/2003	<b>Nil</b>
24/09/2004	<b>Nil</b>
27/12/2005	<b>Nil</b>

iii) During the financial year 2005-06, no resolutions were passed through Postal Ballot.

(iv) No Special resolution is proposed to be passed through Postal Ballot.

## 7. DISCLOSURES

- 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, 2006.
- There was no non-compliance in respect any matter related to the capital markets by the Company during the last 3 years. Further, there was no penalty / strictures imposed on the Company by any Stock Exchange, SEBI or any Statutory Authority on any matter related to the capital markets during the last 3 years.
- The Company has not implemented the Whistle Blower Policy which is a non-mandatory requirement under Clause 49 of the Listing Agreement.
- The Company has complied with all the mandatory requirements as contained in Clause 49 of the Listing Agreement.
- The Company has complied with the non-mandatory requirements relating to Remuneration Committee. The financial statements of the Company are unqualified.

## 8. MEANS OF COMMUNICATION

- The quarterly 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](http://www.bseindia.com)) and the website of the Company ([www.deccangoldmines.com](http://www.deccangoldmines.com)).
- The website of the Company also displays official news releases issued on behalf of the Company.
- 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 : Thursday / 30th November 2006  
 Time : 11.00 a.m.  
 Venue : Wodehouse Gymkhana  
 182, Maharishi Karve Road, Mumbai - 400 021.

### 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

28th November, 2006 to 29th November, 2006 (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 Stock Exchange within the prescribed time

### vi. Stock Code

512068 (BSE).

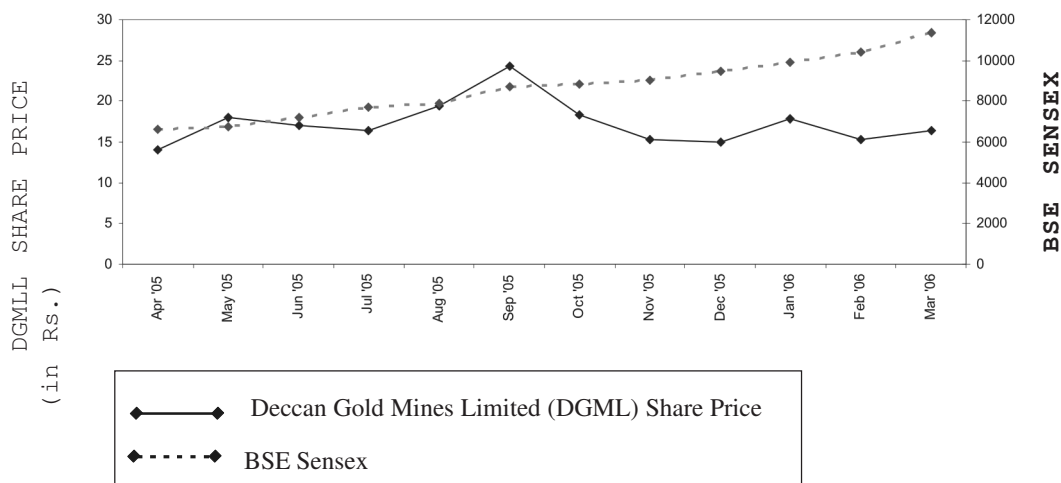
### vii. Market price data – high & low during each month of last financial year

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 2005	14.10	11.90
May 2005	18.00	12.17
June 2005	16.99	13.22
July 2005	16.50	13.36
August 2005	19.45	13.45
September 2005	24.25	15.50
October 2005	18.30	11.70
November 2005	15.31	12.51
December 2005	15.05	13.05
January 2006	17.78	13.50
February 2006	15.39	12.15
March 2006	16.40	12.16



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



## IX. REGISTRAR AND TRANSFER AGENTS

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 : [jsrl@vsnl.com](mailto:jsrl@vsnl.com)

## 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 &amp; DISTRIBUTION OF SHAREHOLDING

a) Shareholding Pattern (as at 31<sup>st</sup> March, 2006)

Sl. No.	Category	No. of Shares held	%
1.	Promoter Group	35608178	69.21
2.	Banks, Financial Institutions	500	0.00
3.	Foreign Institutional Investors	49562	0.10
4.	Non-Resident Indians	583772	1.13
5.	Private Bodies Corporate	2774803	5.39
6.	Indian Public	12292267	23.90
7.	Clearing Members	140918	0.27
	<b>Total</b>	<b>51450000</b>	<b>100.00</b>


**b) Distribution of Shareholding (as at 31<sup>st</sup> March, 2006)**

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount (Rs.)	% of Total
1 - 5,000	7302	94.78	5601060	10.89
5,001 - 10,000	204	2.66	1594320	3.10
10,001 - 20,000	91	1.18	1348413	2.62
20,001 - 30,000	41	0.53	1002433	1.95
30,001 - 40,000	18	0.23	632445	1.23
40,001 - 50,000	13	0.17	613776	1.19
50,001 - 100,000	18	0.23	1342137	2.60
100,001 and above	17	0.22	39315416	76.42
<b>TOTAL</b>	<b>7704</b>	<b>100.00</b>	<b>51450000</b>	<b>100.00</b>

**xii. Dematerialisation of Shares and Liquidity**

About 99.58 % of the shares have been dematerialized as on March 31, 2006. The equity shares of the Company are traded at Bombay Stock Exchange Ltd. (BSE).

xiii. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments conversion date and likely impact on equity: The Company has not issued any GDRs / ADRs. There were no outstanding convertible warrants as on March 31, 2006.

**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:

Intime Spectrum Registry Limited  
Pannalal Silk Mills Compound,  
C-13, L.B.S. Marg,  
Bhandup (W), Mumbai – 400 078.  
Tel.: 91-22-25963838 Fax.: 91-22-5555 5353  
Email.: isrl@intimespectrum.com

**FOR GENERAL CORRESPONDENCE**

Deccan Gold Mines Limited,  
# 49A, Nariman Bhavan, Nariman Point, Mumbai – 400 021.  
Tel : 91-22-22026026 & Fax : 91-22-22020820  
e-mail : info@deccangoldmines.com

**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 : 30<sup>th</sup> October, 2006

**Sandeep Lakhwara**  
Managing Director