



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the next Annual General Meeting of Deccan Gold Mines Limited will be held on Friday, the 28th November, 2008 at 11.00 a.m., at Royal Room, 3rd Floor, Sunville Banquets, 9, Dr. Annie Besant Road, Mumbai – 400 018 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2008 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 reappointment.
3. To appoint a Director in place of Prof. V.K. Gaur, who retires by rotation and being eligible, offers himself for reappointment.
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 Audit Committee / Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

1. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special resolution:

“RESOLVED THAT in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“SEBI Guidelines”) issued by the Securities and Exchange Board of India (“SEBI”) and pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 (“the Act”) (including any statutory modification(s) or re-enactment of the Act or the SEBI Guidelines for the time being in force) and subject to the provisions contained in the Articles of Association of the Company and subject to such other consents, permissions, sanctions and approvals as may be required from the appropriate authorities and bodies and subject to such conditions and modifications as may be prescribed or imposed while granting such consents, permissions, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include a Compensation Committee or any Committee of the Board constituted by the Board to exercise its powers conferred on the Board by this resolution), consent of the Company be and is hereby accorded to the Board to create, issue, offer and allot at any time to or to the benefit of permanent employees of the Company, present and future, whether whole-time or otherwise under a new scheme titled “Deccan Gold Mines Employee Stock Option Plan 2008” (hereinafter referred to as the “ESOP” or “Scheme” or “Plan”) such number of equity shares and/or equity linked instruments (including options), and/or any other instruments or securities (hereinafter collectively referred to as Securities”) of the Company which could give rise to issue of equity shares not exceeding 30,00,000 at such price, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law or guidelines issued by the relevant Authority or as may be prevailing at that time.

RESOLVED FURTHER THAT the equity shares issued upon exercise of the Options, shall rank pari-passu in all respects with the existing equity shares.

RESOLVED FURTHER THAT the issue of securities to any non-resident employee(s), non-resident Director(s) shall be subject to such approvals, permissions or consents as may be necessary in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the Securities allotted under the Scheme, on the stock exchanges where the Company's shares are listed as per the terms and conditions of the listing agreement with the concerned stock exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board / Compensation Committee or any Committee of the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the Scheme and make modifications, changes variations, alterations, revisions therein from time to time as may be deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.”

2. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special resolution:

“RESOLVED THAT in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“SEBI Guidelines”) issued by the Securities and Exchange Board of India (“SEBI”) and pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act,



1956 (“the Act”) (including any statutory modification(s) or re-enactment of the Act or the SEBI Guidelines for the time being in force) and subject to the provisions contained in the Articles of Association of the Company and subject to such other consents, permissions, sanctions and approvals as may be required from the appropriate authorities and bodies and subject to such conditions and modifications as may be prescribed or imposed while granting such consents, permissions, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include a Compensation Committee or any Committee of the Board constituted by the Board to exercise its powers conferred on the Board by this resolution), consent of the Company be and is hereby accorded to extend the benefits of ESOP proposed in the resolution under Item No. 5 in this notice to the eligible employees/directors of the existing and/or future subsidiary companies and/or to such other persons, as may from time to time be allowed under the prevailing laws, rules and regulations, and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT the equity shares issued upon exercise of the Options, shall rank pari-passu in all respects with the existing equity shares.

RESOLVED FURTHER THAT the issue of securities to any non-resident employee(s), non-resident Director(s) of the subsidiaries shall be subject to such approvals, permissions or consents as may be necessary in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the Securities allotted under the Scheme, on the stock exchanges where the Company's shares are listed as per the terms and conditions of the listing agreement with the concerned stock exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board/Compensation Committee or any Committee of the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the Scheme and make modifications, changes variations, alterations, revisions therein from time to time as may be deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.”

By order of the Board
for **DECCAN GOLD MINES LIMITED**

Place : Bangalore
Date : 31st October, 2008

S. Subramaniam
Company Secretary

REGISTERED OFFICE:

A-303, “Prathamesh”, Raghuvanshi Mills Compound,
11-12, Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013.

NOTES:

1. 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.
2. 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.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 26th November, 2008 to Friday, the 28th November, 2008 (both days inclusive).
4. 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 & 6

To motivate the employees and to enable them to participate in the long term growth and financial success of the Company and with a common objective of maximizing the shareholder value, it is proposed to introduce an Employee Stock Option Plan. This would enable the Company to attract and motivate employees by rewarding performance as also retain best talents and would further enable the employees to develop a sense of ownership with the Company.

It is now proposed to introduce a Scheme called "Deccan Gold Mines Employee Stock Option Plan 2008" (hereinafter referred to as the "ESOP" or "Scheme" or "Plan") for the benefit of the permanent employees and directors of the Company as well as the employees and directors of the subsidiary Companies.

The following is the explanatory statement which sets out the various disclosures as required by Clause 6.2 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI Guidelines" or "Guidelines")

A) TOTAL NUMBER OF OPTIONS / SHARES TO BE ISSUED UNDER THE PLAN:

Options for up to 30,00,000 Equity shares of Re.1/- each for the Employees and Directors of the Company and its Subsidiary Companies would be available for being granted under the Plan. Each Option when exercised would be converted into one Equity Share of Re.1/- each fully paid up.

Vested options that lapse due to non-exercise or unvested options that gets cancelled due to resignation of employees or otherwise, would be available for being re-granted at a future date.

SEBI Guidelines require that in case of any corporate action(s) or change in capital structure such as rights issues, bonus issues, sub-division / consolidation of the nominal value of shares, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional equity shares are required to be issued for making such fair and reasonable adjustment, the ceiling of 30,00,000 Equity shares shall be deemed to be increased to the extent of such additional equity shares issued/to be issued. Further, the Board and/or Compensation Committee shall in such cases also have the power to make appropriate adjustments to the number of shares to be allotted pursuant to the exercise of the Options, the Exercise price and other rights and obligations under the Options granted.

B) IDENTIFICATION OF CLASSES OF EMPLOYEES ENTITLED TO PARTICIPATE IN THE PLAN:

The present and future employees (including Directors) of the Company and its Subsidiary Companies (present and future), including foreign nationals whether working in India or outside India, but excluding the employees who belong to the promoter or promoter group, will be entitled to participate in the Plan subject to the applicable regulatory requirements and guidelines issued by SEBI in force.

C) REQUIREMENT OF VESTING AND PERIOD OF VESTING:

The Options granted shall vest so long as the employee continues to be in employment of the Company. The Compensation Committee may, at its discretion, lay down the period of time and/or specify certain performance metrics on the achievement of which the granted Options may vest (subject to the minimum vesting period as specified below). The vesting of the Options may also happen in tranches in accordance with the above mentioned conditions.

Vesting of the Options shall take place over a maximum period of 3 years with a minimum vesting period of 1 year from the date of grant of Options.

The exact proportion in which and the exact period over which the options would vest would be determined by the Board/ Compensation Committee, subject to the minimum vesting period of one year from the date of grant of Options and may be customised for individual employees.

D) MAXIMUM PERIOD WITHIN WHICH THE OPTIONS SHALL BE VESTED:

The maximum period within the options to be vested shall be three years from the date of grant.

E) EXERCISE PRICE / PRICING FORMULA:

The Options would be granted at a discount not exceeding 25% of the market price i.e. the latest available closing price on the Bombay Stock Exchange Limited prior to the date of the meeting of the Board of Directors and/or Compensation Committee in which Options are granted. Provided that the Exercise Price per option shall not be less than the par value of equity share of the Company and shall not be more than the Market price as defined in the Guidelines.



F) EXERCISE PERIOD AND THE PROCESS OF EXERCISE:

The employees of the Company and its Subsidiaries shall exercise their options within 12 months from the date of vesting or such other period fixed by the Compensation Committee.

The employees of the Company and its Subsidiaries can exercise the options by submitting an application in the prescribed format after which the shares would be allotted. Options not exercised within the specified exercise period will lapse and would be available for being re-granted in future.

G) APPRAISAL PROCESS FOR DETERMINING THE ELIGIBILITY:

The Board/Compensation Committee will evolve the criteria for the eligibility of an employee of the Company and its Subsidiaries for granting options under the Plan, which inter alia, includes length of service, grade, performance, merit, future potential contribution, leadership qualities, qualification and conduct of the employee of the Company and its Subsidiaries.

H) MAXIMUM NUMBER OF OPTIONS TO BE ISSUED PER EMPLOYEE AND IN AGGREGATE

The Options issued in terms of the Plan shall not exceed 30,00,000 (thirty lakhs only). All lapsed options are eligible for fresh grants.

No employee shall, during any fiscal year of the Company and its Subsidiaries and under the total tenure of the plan, be granted Options equal to or exceeding 1 % of the issued equity share capital of the company existing at the time of grant of option.

I) CONFIRMATION OF ACCOUNTING POLICIES STIPULATED IN THE GUIDELINES

The Company shall conform to the accounting policies stipulated by the SEBI under Schedule I referred to in Clause 13.1 of the SEBI Guidelines.

J) METHOD OF OPTION VALUATION:

The Company shall use the Intrinsic value method to value its options.

In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' report.

As the Scheme provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and as per clause 6 of the SEBI Guidelines vide special resolution proposed under Item No. 5.

Further, the Guidelines also stipulate that a separate special resolution is required to be passed if the benefits of the Scheme are to be extended to the Employees and Directors of Subsidiary Companies. Accordingly, special resolution under Item No. 6 is placed for approval of the members.

A copy of the "Deccan Gold Mines Employee Stock Option Plan 2008" shall be available for inspection of the members during normal business hours on all working days till the date of Annual General Meeting at the registered office of the Company.

Your Directors recommend the resolutions proposed vide Item Nos. 5 & 6 for your approval.

None of the Directors of the Company, are in any way, concerned or interested in the resolution (s), except to the extent of the securities that may be offered to them under the Scheme.

By order of the Board
for **DECCAN GOLD MINES LIMITED**

Place : Bangalore
Date : 31st October, 2008

S. Subramaniam
Company Secretary

REGISTERED OFFICE:

A-303, "Prathamesh", Raghuvanshi Mills Compound,
11-12, Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013.



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

(Pursuant to Clause 49 of the Listing Agreement)

1. DR. M. RAMAKRISHNAN

A brief resume and expertise of Dr. M. Ramakrishnan is given under the Section “Profile of Directors” forming part of the Annual Report.

Dr. M. Ramakrishnan holds Directorship / Committee Membership in the following Companies (other than Deccan Gold Mines Limited):

Name of the Company	Designation	Committee Chairmanship	Committee Membership
Deccan Gold Exploration Services Private Limited	Director	Nil	Nil

Further, in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note that Dr. M. Ramakrishnan, a non-executive director, does not hold any shares in the Company as on 31st October, 2008 (either in his own name or held by / for other persons on a beneficial basis).

2. PROF. V. K. GAUR

A brief resume and expertise of Prof. V.K. Gaur is given under the section “Profile of Directors” forming part of the Annual Report.

In terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note that Prof. Gaur, a non-executive director, does not hold any shares in the Company as on 31st October, 2008 (either in his own name or held by / for other persons on a beneficial basis). Further, the shareholders may take note that Prof. V.K. Gaur does not hold Directorship or Committee Chairmanship or Membership in any other Company.