



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

DIRECTORS' REPORT

Your Directors have pleasure in presenting their TWELFTH Annual Report of the company together with the audited accounts of the company for the year ended 31st MARCH, 2009.

CHANGE OF NAME OF THE COMPANY

During the year the name of the company has been altered to Deccan Exploration Services Private Limited as per the Fresh Certificate of Incorporation issued by the Registrar of Companies, Karnataka dated 20th March, 2009, consequent upon change of name. The change of the name has been effected so that it reflects all businesses that the company may carry on in future.

WORKING OF THE COMPANY

Your company continued to carry out exploration activities pursuant to the agreement with Deccan Gold Mines Limited in terms of which, all expenses incurred by the company for exploration activities are reimbursed by Deccan Gold Mines Limited.

The company during the year incurred loss of Rs.0.001 Million after adjustments of Deferred Taxes as compared to loss of Rs.0.001 Million during the previous year.

MANAGEMENT

During the year the Board comprised of Dr. M. Ramakrishnan, Mr. K.Karunakaran and Mr. S.C.R.Peshwa. Mr. K. Karunakaran will be retiring by rotation. He, being eligible, has offered himself for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm that:

- a. in preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to any material departures, if any;
- 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 state of affairs of the company as at 31st March, 2009 and of the net loss for the year ended on that date;
- c. they had taken proper and sufficient care for maintenance of adequate accounting records as required under the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities; and
- d. Your Directors have taken proper and sufficient care for the maintenance of 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; and
- e. Your Directors have prepared the Statement of Accounts for the year ended 31st March, 2009 on a going concern basis.

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.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND 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:

During the year under review, the company did not have any foreign exchange earnings and outgo.

AUDITORS

M/s Rao & Venkatesulu, Chartered Accountants, Bengaluru, who were appointed as the Auditors of the company at the last annual general meeting will be retiring at the conclusion of the ensuing Annual General Meeting. They, being eligible, have communicated their consent for their reappointment.

ACKNOWLEDGEMENT

Your Directors acknowledge the co-operation extended by you all.

For and on behalf of the Board

Place : Bangalore
Date : 30 April 2009

S. C. R. PESHWA
Director

K. KARUNAKARAN
Director



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

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AUDITORS' REPORT

**To the members of
DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

We have audited the Balance Sheet of DECCAN EXPLORATION SERVICES PRIVATE LIMITED as at 31st MARCH, 2009 and the annexed Profit and Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. The Company being not coming under the purview of the Companies (Auditor's Report) Order, 2003 issued by the Central Government under section 227 (4A) of the Companies Act, 1956, we have not reported our finding on the matters stated therein.
2. Further to our comments in the Annexure referred to in paragraph (1) above:
 - a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - b. in our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with those Books of account;
 - d. in our opinion, the Profit and Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e. on the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March, 2009 from being appointed as a director of the Company in terms of Section 274 (1) (g) of the Companies Act, 1956; and
 - f. in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009; and
 - (ii) in the case of the Profit and Loss Account, of the loss of the company for the year ended on that date.

**For RAO & VENKATESULU
Chartered Accountants**

Place : Bangalore
Date : 30 April 2009

**K.Y. Ningoji Rao
Partner
Membership No.18278**



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 (Rs. in '000)	As at 31.03.2008 (Rs. in '000)
A. SOURCE OF FUNDS:			
SHAREHOLDERS FUNDS:			
Share Capital	A	100.00	100.00
Share Application Money		-	-
Reserves & Surplus		-	-
LOAN FUNDS:			
Secured Loans		-	-
Unsecured Loans		-	-
Total Source of Funds		100.00	100.00
B. APPLICATION OF FUNDS:			
FIXED ASSETS:			
Capital Works in Progress		-	-
DEFERRED TAX ASSETS		80.76	80.76
NET CURRENT ASSETS:			
CURRENT ASSETS:			
Inventories	B	29.75	-
Trade Debtors		375.33	843.68
Cash & Bank Balances		65.74	160.33
Loans & Advances		349.81	307.62
Total Current Assets		820.63	1,311.63
Less: CURRENT LIABILITIES:			
Current Liabilities	C	973.86	1,464.16
NET CURRENT ASSETS:		(153.23)	(152.53)
Miscellaneous Expenses (ASSET)			
Preliminary Expenses (to the extent not written off)		-	-
Profit & Loss Account		172.47	171.77
Total Application of Funds		100.00	100.00

As per our report attached
For **RAO & VENKATESULU**
Chartered Accountants

For and on behalf of the Board

K.Y. Ningoji Rao
Partner
Membership No.18278

S.C.R. Peshwa
Director

K. Karunakaran
Director

Bangalore
30 April 2009


DECCAN EXPLORATION SERVICES PRIVATE LIMITED

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	For the Year ended 31.03.2009 (Rs. in '000)	For the Year ended 31.03.2008 (Rs. in '000)
INCOME:			
Exploration Charges recovered		1,320.86	986.72
Total Income		1,320.86	986.72
EXPENDITURE:			
Exploration Expenses	D	1,320.86	591.34
Administrative & Other Expenses	E	30.45	34.15
Total		1,351.31	625.49
Increase in Inventory	F	(29.75)	361.78
Total Expenditure		1321.56	987.27
NET PROFIT(+)/LOSS(-) BEFORE TAXES		(0.70)	(0.55)
Less/Add(-): Prior Period Adjustments		-	-
Add: Deferred Tax Assets created		-	0.97
NET PROFIT(+)/LOSS(-) AFTER TAXES		(0.70)	0.42
Add: Balance Loss Brought Forward		(171.77)	(172.19)
BALANCE LOSS CARRIED FORWARD		(172.47)	(171.77)

As per our report attached
For **RAO & VENKATESULU**
Chartered Accountants

For and on behalf of the Board

K.Y. Ningoji Rao
Partner
Membership No.18278

S.C.R.Peshwa
Director

K. Karunakaran
Director

Bangalore
30 April 2009



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2009 (Rs. in '000)	As at 31.03.2008 (Rs. in '000)
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED CAPITAL:		
50000 (PY 50000) Equity shares of Rs.10/- Each	500.00	500.00
ISSUED, SUBSCRIBED AND PAID UP:		
10000 (PY10000) Equity shares of Rs.10/- Each Fully paid up	100.00	100.00
TOTAL	100.00	100.00
SCHEDULE 'B'		
CURRENT ASSETS		
Inventories :		
Work in Progress	29.75	-
Trade Debtors	375.32	843.68
Cash at Bank:		
In Current Accounts	54.57	152.30
Cash on Hand	11.17	8.03
Loans & Advances:		
Deposits	119.93	109.93
Advances Recoverable in Cash or kind	229.88	197.68
TOTAL	820.62	1,311.62
SCHEDULE 'C'		
CURRENT LIABILITIES		
Creditors for Trade	952.17	1,420.08
Creditors for Expenses	21.69	44.08
TOTAL	973.86	1,464.16
	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
SCHEDULE 'D'		
EXPLORATION EXPENSES		
Analysis charges	87.00	2.33
Boarding & Lodging charges	140.65	29.93
Camp Expenses	112.92	26.94
Diesel & Fuel Expenses	82.84	32.30
Duplicating charges	5.39	0.78
Field Supplies & Consumables	19.81	12.50
Field Vehicle Maintenance	40.96	2.59
RP/PL/ML Processing Expenses	41.42	35.54
Land Compensation	227.12	-
Field Travel Expenses	38.24	22.82
Professional & Consultancy fee	439.00	396.00
Trenching & Pitting Charges	76.65	26.65
Other Camp Expenses : Telephone	8.86	2.95
TOTAL	1320.86	591.33



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	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
SCHEDULE 'E'		
ADMINISTRATIVE & OTHER EXPENSES:		
Bank Charges	2.23	0.59
Filing Fee	3.88	16.53
Postage & Telegrams	1.41	-
Printing & Stationery	-	2.44
Interest on TDS Payments	0.70	-
Auditors Remuneration:		
For Audit	11.03	11.22
For Tax Audit	-	-
For Other Services	11.20	3.37
TOTAL	30.45	34.15
SCHEDULE 'F'		
INCREASE OR DECREASE IN STOCKS		
OPENING STOCK :		
Work in progress	-	361.78
TOTAL	-	361.78
CLOSING STOCK		
Work in progress	29.75	-
TOTAL	29.75	-
Increase (-) or Decrease (+) in Inventory	(29.75)	361.78
SUNDRY CREDITORS :		
FOR TRADE:		
Geomysore Services (India) Pvt. Ltd.	925.27	1,393.17
Shiva Analyticals (India) Ltd.	26.90	26.90
Total	952.17	1,420.07
FOR EXPENSES:		
Income Tax TDS Payable	7.34	8.78
Professional Charges Payable	-	2.55
Service Tax	-	3.57
Rao & Venkatesulu	14.34	29.18
Total	21.68	44.08
SUNDRY DEBTORS		
FOR TRADE:		
Deccan Gold Mines Ltd.	375.32	843.68
Total	375.32	843.68
LOANS & ADVANCES		
ADVANCES:		
Income Tax T.D.S.	229.87	181.28
K. Satyanarayana	-	16.40
Total	229.87	197.68



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

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	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
DEPOSITS		
Security Deposit	109.93	109.93
Rent Deposit	10.00	-
Total	119.93	109.93

SCHEDULE 'G'

NOTES FORMING PART OF ANNUAL ACCOUNTS

1 Trade Debtors include:

	Particulars	As At 31.03.2009 (Rs. in '000)	As At 31.03.2008 (Rs. in '000)
a.	Debts considered good but not secured for which the Company do not hold any security other than the personal security of debtors	375.32	843.68
b.	Debts considered doubtful for which no provision is made	Nil	Nil
c.	Debts due from concerns in which the relatives of Directors of the company are interested	Nil	Nil
d.	Debts due from firms and companies in which the Directors of the company are interested as partners and Directors	Nil	Nil
e.	Debts due for period:		
	(i) More than Six Months	Nil	Nil
	(ii) Others	375.32	843.68

2. The particulars of the Deferred Tax Asset created is as under: (Rs.'000)

Particulars	As On 31.03.2009	As On 31.03.2008	Difference
Depreciation:			
Written Down value:			
As per IT Rules	Nil	Nil	Nil
As per Books	Nil	Nil	Nil
Difference	Nil	Nil	Nil
Deferred Tax Liability	Nil	Nil	Nil



Particulars	As On 31.03.2009	As On 31.03.2008	Total
Unabsorbed Items Under IT:			
Unabsorbed Business Loss	237.59	237.59	Nil
Unabsorbed Depreciation	Nil	Nil	Nil
Total	237.59	237.59	Nil
Deferred Tax Asset	80.76	80.76	Nil
Net Deferred Tax Asset:	80.76	79.79	Nil

SIGNIFICANT ACCOUNTING POLICIES:

A. REVENUE RECOGNITION:

1. Sales revenues are accounted on accrual basis.
2. All incomes, to the extent they are ascertained, are accounted on accrual basis.

B. EXPENDITURE RECOGNITION:

1. All expenditure relating to the purchase of goods are accounted on accrual basis.
2. All expenditure to the extent they are ascertained, are accounted on accrual basis.

C. VALUATION OF INVENTORY:

Inventories of goods traded are valued at cost or net realisable value which ever is lower.

D. FIXED ASSETS:

Depreciation on fixed assets are provided on Written Down Value Method at the rates prescribed under the Income Tax Rules, 1962.

E. ACCOUNTING OF TAXES ON INCOME:

- a. Current taxes on Income is provided as per the liability computed under the Income Tax Act, 1961.
- b. The Deferred Tax Assets and Liabilities are created as per AS-22 prescribed by the Institute of Chartered Accountants of India.

F. ACCOUNTING OF INTANGIBLE ASSETS:

- a. All intangible assets acquired at cost are recognized as assets.
- b. All intangible assets are amortized as per the norms stipulated in AS-22 issued by the ICAI.



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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

State Code	08
Registration No.	22819
Balance Sheet Date	31 March, 2009

BALANCE SHEET AS AT 31 MARCH, 2009:

(Rs in '000)

II. Capital raised during the year :

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

III. Position of mobilisation and deployment of funds:

Total Liabilities	100
Total Assets	100

Source of Funds:

Paid Up Capital	100
Reserves & Surplus	Nil
Secured Loans	Nil
Unsecured Loans	Nil

Application of Funds:

Net Fixed Assets	Nil
Investments	Nil
Deferred Tax Asset	81
Net Current Assets	(153)
Miscellaneous Expenditure	Nil
Accumulated Losses	172

IV. Performance of the Company:

Turnover	1321.0
Total Expenditure	1322.0
Profit Before Tax	(1)
Profit After Tax	(1)
Earning Per Share [Annualised]	
after reckoning Deferred Tax Asset (in Rs.)	(0.70)
Dividend	Nil

V. Generic names of three principal products of Company (as per monetary terms):

Product Description	Item Code (ITC Code)
a. Mining Exploration	980100.45

SIGNATURES TO SCHEDULES 'A' AND 'G'

As per our report attached
For **RAO & VENKATESULU**
Chartered Accountants

For and on behalf of the Board

K.Y. Ningoji Rao
Partner
Membership No.18278

S.C.R.Peshwa
Director

K. Karunakaran
Director

Bangalore
30 April 2009