



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

DIRECTORS' REPORT

Your Directors have pleasure in presenting their THIRTEENTH Annual Report of the company together with the audited accounts of the company for the year ended 31st MARCH, 2010.

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

MANAGEMENT

Till 1st February, 2010, the Board comprised of Dr. M. Ramakrishnan, Mr.K.Karunakaran, and Mr.S.C.R.Peshwa, On 1st February, 2010 Dr. V.N. Vasudev, Dr. M. Hanuma Prasad, Dr. M.K. Devarajan and Dr. Saleem Ahmed Khan were appointed as Additional Directors. All these Additional Directors cease to hold their office at the conclusion of the ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and being eligible, offer themselves for re-appointment. Further, Dr. M. Ramakrishnan, Director retires by rotation and being eligible, offers himself for re-appointment at the ensuing annual general meeting.

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, 2010 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 the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- e. Your Directors have prepared the Statement of Accounts for the year ended 31st March, 2010 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 (FRN 003108S), 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 all.

For and on behalf of the Board

Place : Bangalore
Date : 5 July 2010

S. C. R. PESHWA
Director

K. KARUNAKARAN
Director

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

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, 2010 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 31st March, 2010 from being appointed as a director of the Company are disqualified from being appointed as a director 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, 2010; 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
Firm Registration No. (FRN) 003108S

Place : Bangalore
Date : 5 July 2010

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, 2010

	Schedule	As at 31.03.2010 (Rs. in '000)	As at 31.03.2009 (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		92.34	80.76
NET CURRENT ASSETS:			
CURRENT ASSETS:			
Inventories	B	360.00	29.75
Trade Debtors		126.50	375.33
Cash & Bank Balances		243.00	65.74
Loans & Advances		519.15	349.81
Total Current Assets		1,248.65	820.63
Less: CURRENT LIABILITIES:			
Current Liabilities	C	1,463.49	973.86
NET CURRENT ASSETS:		(214.84)	(153.23)
Miscellaneous Expenses (ASSET)			
Preliminary Expenses (to the extent not written off)		-	-
Profit & Loss Account		222.50	172.48
Total Application of Funds		100.00	100.00

Significant Accounting Policies & Notes to the Accounts

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 As per our report attached
 For **RAO & VENKATESULU**
 Chartered Accountants
FRN 003108S

For and on behalf of the Board

K.Y. Ningoji Rao
 Partner
 Membership No.18278

S.C.R. Peshwa
 Director

K. Karunakaran
 Director

 Bangalore
 5 July 2010


DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule	For the Year ended 31.03.2010 (Rs. in '000)	For the Year ended 31.03.2009 (Rs. in '000)
INCOME:			
Exploration Charges Recovered		11,434.71	1,320.87
Other Income	D	525.06	-
Total Income		11,959.77	1,320.87
EXPENDITURE:			
Exploration Expenses	E	12,255.86	1,320.86
Administrative & Other Expenses	F	95.76	30.46
Financial Charges			
Depreciation			
Total		12,351.62	1,351.32
Increase in Inventory	G	(330.25)	(29.75)
Total Expenditure		12,021.37	1,321.57
NET PROFIT(+)/ LOSS(-) BEFORE TAXES		(61.60)	(0.70)
Less/Add(-): Prior Period Adjustments		-	-
Add : Deferred Tax Assets Created		11.58	-
NET PROFIT(+)/ LOSS(-) AFTER TAXES		(50.02)	(0.70)
Add: Balance Loss Brought Forward		(172.48)	(171.78)
BALANCE LOSS CARRIED FORWARD		(222.50)	(172.48)

Significant Accounting Policies & Notes to the Accounts

H

 As per our report attached
 For **RAO & VENKATESULU**
 Chartered Accountants
FRN 003108S

For and on behalf of the Board

K.Y. Ningoji Rao
 Partner
 Membership No.18278

S.C.R. Peshwa
 Director

K. Karunakaran
 Director

 Bangalore
 5 July 2010



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

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SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2010 (Rs. in '000)	As at 31.03.2009 (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	360.00	29.75
Trade Debtors	126.50	375.33
Cash at Bank:		
In Current Accounts	223.00	54.57
Cash on Hand	20.00	11.17
Loans & Advances:		
Deposits	137.43	119.93
Advances Recoverable in Cash or kind	381.72	229.88
TOTAL	1,248.65	820.63
SCHEDULE 'C'		
CURRENT LIABILITIES		
Creditors for Trade	1,411.74	952.17
Creditors for Expenses	51.75	21.69
TOTAL	1,463.49	973.86
SCHEDULE 'D'		
OTHER INCOME		
Consultancy Services Receipts	481.16	-
Interest on Income Tax Refund	17.00	-
Miscellaneous Income	26.90	-
TOTAL	525.06	-
SCHEDULE 'E'		
EXPLORATION EXPENSES		
Analysis charges	691.57	87.00
Boarding & Lodging charges	150.67	140.65
Camp Expenses	273.12	119.99
Diesel & Fuel Expenses	110.70	82.84
Duplicating charges	1.50	5.39
Field Supplies & Consumables	92.03	19.81
Field Vehicle Maintenance	52.92	40.96
RP/PL/ML Processing Expenses	22.40	41.42



	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
Land Compensation	266.92	227.12
Exploration Contract Expenses	3,138.42	-
Field Travel Expenses	25.28	31.17
Professional & Consultancy fee	424.00	439.00
Trenching & Pitting Charges	6,900.13	76.65
Surveying Charges	33.71	-
Other Camp Expenses : Telephone	72.49	8.86
TOTAL	12,255.86	1320.86
SCHEDULE 'F'		
ADMINISTRATIVE & OTHER EXPENSES		
Bank Charges	1.84	2.22
Filing Fee	0.15	3.89
Staff Welfare	4.46	-
Computer Maintainence	2.25	
Professional Charges	17.57	
Postage & Telegrams	7.53	1.41
Printing & Stationery	22.92	
Insurance Charges	2.30	
Travelling Expenses	19.83	
Interest On TDS Payments	0.36	0.70
Auditors Remuneration:		
For Audit	13.24	11.03
For Other Services	3.31	11.21
TOTAL	95.76	30.46
SCHEDULE 'G'		
INCREASE OR DECREASE IN STOCKS		
OPENING STOCK :		
Work in progress	29.75	-
TOTAL	29.75	-
CLOSING STOCK :		
Work in progress	360.00	29.75
TOTAL	360.00	
Increase (-) or Decrease (+) in Inventory	(330.25)	
SUNDRY CREDITORS		
FOR TRADE:		
Geomysore Services (India) Pvt. Ltd.	1,411.74	925.27
Shiva Analyticals (India) Ltd.	-	26.90
TOTAL	1,411.74	952.17
FOR EXPENSES:		
Income Tax TDS Payable	20.87	7.35
Professional Charges Payable	-	
Service Tax	-	
Rao & Venkatesulu	30.88	14.34
TOTAL	51.75	21.69



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	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
SUNDRY DEBTORS		
FOR TRADE:		
Deccan Gold Mines Ltd.	126.50	375.33
Total	126.50	375.33
LOANS & ADVANCES		
ADVANCES:		
Income Tax T.D.S.	369.44	229.88
S.B.Harish Kumar	12.28	-
Total	381.72	229.88
DEPOSITS		
Security Deposit	117.43	109.93
Rent Deposit	20.00	10.00
Total	137.43	119.93

SCHEDULE 'H'

NOTES FORMING PART OF ANNUAL ACCOUNTS

1 Trade Debtors include:

	Particulars	As At 31.03.2010 (Rs. in '000)	As At 31.03.2009 (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	126.50	375.33
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	126.50	375.33

2. The particulars of the Deferred Tax Asset created is as under:

(Rs.'000)

Particulars	As On 31.03.2010	As On 31.03.2009	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 31.03.2010	As On 31.03.2009	Total
Unabsorbed Items Under IT:			
Unabsorbed Business Loss	298.83	237.59	Nil
Unabsorbed Depreciation	Nil	Nil	Nil
Total	298.83	237.59	Nil
Deferred Tax Asset	92.34	80.76	11.58
Net Deferred Tax Asset:	92.34	80.76	11.58

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.


DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I. Registration Details:

State Code	08
Registration No.	22819
Balance Sheet Date	31 March, 2010

BALANCE SHEET AS AT 31 MARCH, 2010
(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	92
Net Current Assets	(215)
Miscellaneous Expenditure	Nil
Accumulated Losses	222

IV. Performance of the Company:

Turnover	1196
Total Expenditure	1202
Profit Before Tax	(61)
Profit After Tax	(50)
Earning Per Share [Annualised]	
after reckoning Deferred Tax Asset (in Rs.)	(5.00)
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

As per our report attached

For and on behalf of the Board

 For **RAO & VENKATESULU**

Chartered Accountants

FRN 003108S
K.Y. Ningoji Rao

Partner

Membership No.18278

Bangalore

5 July 2010

S.C.R. Peshwa

Director

K. Karunakaran

Director