
DECCAN EXPLORATION SERVICES PRIVATE LIMITED
(FORMERLY DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Sixteenth Annual Report of the Company together with the audited accounts of the company for the year ended 31 March, 2013.

OPERATIONS AND FUTURE OUTLOOK

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 in respect of the Projects covered under the said Agreement are reimbursed by Deccan Gold Mines Limited.

The company during the year incurred profit / (loss) of ₹ (0.16) million compared to profit / (loss) of ₹ 1.02 million during the previous year.

The Mining Lease Application over an area of 0.29 sq kms covering the Ganajur Main Gold Prospect is now pending approval of the Ministry of Mines, Government of India (MoM) to whom it was recommended by the State Government of Karnataka. The same is being pursued vigorously.

UPDATES DURING 2012-13:

- State High Level Clearance Committee (SHLCC) of Government of Karnataka approved enhancement in land allotment from 145 acres to 200 acres at Ganajur Village, Haveri District, Karnataka for the proposed gold mine and processing plant (May, 2012)
- Grant of Prospecting Licence (PL) for gold over an area of 4 sq kms in the Mangalagatti Block located in the Dharwar District of Karnataka vide Grant Order dated 11 October, 2012 issued by the Government of Karnataka and is awaiting execution.
- Execution of Technical and Commercial Consultancy and Advisory Services Agreement (Agreement) and Addendum to the Agreement with Hira Infratek Private Limited (part of Hira Group, Chhattisgarh) with regard to the Ganajur Gold Project. (November, 2012)
- Grant of Terms of Reference for the proposed Ganajur Gold Ore Processing Plant (March, 2013).

MANAGEMENT

The Board comprises of eminent geologists and professionals. Further, Mr. Saradchandra Rao Peshwa and Dr. M. Hanuma Prasad are the Directors retiring by rotation and being eligible, offer themselves 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. 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 as at 31 March, 2013 and of the net profit / (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. they have prepared the Statement of Accounts for the year ended 31 March, 2013 on a going concern basis.

DECCAN GOLD MINES LIMITED

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, but had a foreign exchange outgo of ₹ 7.62 lac.

AUDITORS

M/s. Rao & Venkatesulu, Chartered Accountants, Bengaluru (FRN 003108S) who were appointed as 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 re-appointment.

ACKNOWLEDGMENT

Your Directors acknowledge the co-operation and support extended by one and all.

For and on behalf of the Board

Place : Bangalore
Date : 2 September 2013

S.C.R. Peshwa
Director

K. Karunakaran
Director

AUDITOR'S 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, 2013 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, 2013 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, 2013; 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

K.Y. NINGOJI RAO
Partner

Membership No. : 018278
FR No. 003108S

Place : Bangalore
Date : May 10, 2013

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED (FORMERLY DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

BALANCE SHEET AS AT 31 MARCH, 2013

| Particulars | Sch No | 31.3.2013 | 31.3.2012 |
|---|--------|--------------|--------------|
| I EQUITY AND LIABILITIES | | | |
| 1 Shareholder's Funds: | | | |
| a Share Capital | 1 | 100 | 100 |
| b Reserves and Surpluses | 2 | 6,941 | 7,105 |
| c Money Received Against Share Warrants | | | |
| 2 Share Application Money Pending Allotment | | | |
| 3 Non-Current Liabilities: | | | |
| a Long Term Borrowings | | | |
| b Deferred Tax Liabilities (Net) | | | |
| c Other Long Term Liabilities | | | |
| d Long Term Provisions | | | |
| 4 Current Liabilities: | | | |
| a Short Term Borrowings | | | |
| b Trade Payables | 3 | 705 | 367 |
| c Other Current Liabilities | 4 | 24 | 61 |
| d Short Term Provisions | 5 | - | 324 |
| TOTAL | | 7,770 | 7,957 |
| II ASSETS | | | |
| 1 Non Current Assets: | | | |
| a Fixed Assets: | | | |
| (i) Tangible Assets | 6 | 628 | 748 |
| (ii) Intangible Assets | | | |
| (iii) Capital work-in-progress | | - | - |
| (iv) Intangible Assets Under Development | | | |
| b Non Current Investments | | | |
| c Deferred Tax Assets (net) | | | |
| d Long Term Loans and Advances | 7 | 284 | 284 |
| e Other Non Current Assets | 8 | 909 | 1,867 |
| 2 Current Assets: | | | |
| a Current Investments | | | |
| b Inventories | | - | - |
| c Trade Receivables | 9 | 5,736 | 3,102 |
| d Cash and Cash Equivalents | 10 | 172 | 1,915 |
| e Short Term Loans and Advances | 11 | 41 | 41 |
| f Other Current Assets | | | |
| TOTAL | | 7,770 | 7,957 |
| NOTES TO ACCOUNTS | 19 | | |

Schedules referred to above and notes attached there to form an integral part of Balance Sheet.

For **DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

As per our report of even date attached.
For **Rao & Venkatesulu**
Chartered Accountants

S.C.R PESHWA
Director

K.KARUNAKARAN
Director

K Y Ningoji Rao
Partner
Membership No. :018278
FRN: 003108S

Place : Bangalore
Date : 10 May 2013

DECCAN EXPLORATION SERVICES PRIVATE LIMITED
(FORMERLY DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31 MARCH, 2013

| Particulars | Sch No | 31.3.2013 | 31.3.2012 |
|---|--------|--------------|---------------|
| REVENUES: | | | |
| Revenue From Operations | 12 | 8,699 | 15,557 |
| Other Income | 12 | - | 6,083 |
| Total Revenue (I +II) | | 8,699 | 21,640 |
| EXPENSES: | | | |
| 1 Exploration Expenses | 13 | 8,705 | 16,022 |
| 2 Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade | 14 | - | 4,083 |
| 3 Employee Benefit Expense | | - | - |
| 4 Financial Costs | 15 | 2 | 7 |
| 5 Depreciation and Amortization Expense | 16 | 120 | 135 |
| 6 Other Expenses | 17 | 37 | 46 |
| Total Expenses | | 8,864 | 20,293 |
| Profit Before Exceptional and Extraordinary Items & Tax | | (164) | 1,347 |
| Exceptional Items | 18 | - | - |
| Profit Before Extraordinary Items and Tax | | (164) | 1,347 |
| Extraordinary Items | | - | - |
| Profit Before Tax | | (164) | 1,347 |
| Tax Expense: | | | |
| 1 Current Tax | | - | 324 |
| 2 Earliar Year Taxes | | - | - |
| 3 Deferred Tax | | - | - |
| Profit (Loss) For The Perid From Continuing Operations | | (164) | 1,347 |
| Profit/(Loss) from Discontinuing Operations | | | |
| Tax Expense of Discounting Operations | | | |
| Profit/(Loss) From Discontinuing Operations | | | |
| Profit/(Loss) For The Period | | (164) | 1,347 |
| Earning Per Equity Share: | | | |
| 1 Basic | | -16.44 | 102.27 |
| 2 Diluted | | -16.44 | 102.27 |

Schedules referred to above and notes attached there to form part of Profit & Loss Account

For **DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

S.C.R PESHWA
Director

K.KARUNAKARAN
Director

As per our report of even date attached.

For **Rao & Venkatesulu**
Chartered Accountants

K Y Ningoji Rao
Partner
Membership No. :018278
FRN: 003108S

Place : Bangalore
Date : 10 May 2013

DECCAN EXPLORATION SERVICES PRIVATE LIMITED
(FORMERLY DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED))

SCHEDULES FORMING PART OF ANNUAL ACCOUNTS

(₹ '000)

Share Capital

Schedule : 1

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|--|-----------------|-----------------|
| AUTHORIZED CAPITAL 50,000 Equity Shares of Rs. 10/- each. | 500 | 500 |
| ISSUED . SUBSCRIBED & PAID UP CAPITAL 10,000 Equity Shares of Rs. 10/- each, Fully Paid Up | 100 | 100 |
| Total | 100 | 100 |

Reserve & Surpluses

Schedule : 2

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|------------------------------|-----------------|-----------------|
| Reserves | - | - |
| Total | - | - |
| Profit & Loss Account: | | |
| Balance Brought Forward | 7,105 | 6,082 |
| Add: Net Profit For The Year | (164) | 1,023 |
| Total | 6,941 | 7,105 |

Trade Payables

Schedule : 3

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|-----------------|-----------------|-----------------|
| Trade Creditors | 661 | 337 |
| Others | 44 | 30 |
| Total | 705 | 367 |

Other Current Liabilities

Schedule : 4

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|--------------|-----------------|-----------------|
| TDS Payable | 24 | 61 |
| Total | 24 | 61 |

Short Term Provisions

Schedule : 5

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|----------------------------------|-----------------|-----------------|
| Provisions For Current Taxes | - | 324 |
| Provision From Employees Benefit | - | - |
| Others | - | - |
| Total | - | 324 |

Fixed Assets

Note 6

| Fixed Assets | Rate | Gross Block | | | Accumulated Depreciation | | | | Net Block (WDV) | | |
|-------------------------------------|------|--------------------------|-----------|-----------|--------------------------|--------------------------|--------------|--------------|--------------------------|--------------------------|--------------------------|
| | | Balance as at 01-04-2012 | Additions | Disposals | Balance as at 31-03-2013 | Balance as at 01-04-2012 | For the year | Written back | Balance as at 31-03-2013 | Balance as at 31-03-2013 | Balance as at 31-03-2012 |
| Tangible Assets : | | | | | | | | | | | |
| Land | 0% | - | - | - | - | - | - | - | - | - | - |
| Buildings | 10% | - | - | - | - | - | - | - | - | - | - |
| Plant & Equipment | 15% | - | - | - | - | - | - | - | - | - | - |
| Vehicles | 15% | 844 | - | - | 844 | 127 | 108 | - | 234 | 610 | 717 |
| Furniture & Fixtures | 10% | - | - | - | - | - | - | - | - | - | - |
| Office equipment | 10% | 13 | - | - | 13 | 1 | 12 | - | 19 | 11 | 12 |
| Computer | 60% | 26 | - | - | 26 | 8 | 11 | - | 18 | 7 | 18 |
| Sub Total (A) | | 883 | - | - | 883 | 135 | 119 | - | 255 | 628 | 748 |
| Intangible Assets : | | | | | | | | | | | |
| Sub Total (B) | | - | - | - | - | - | - | - | - | - | - |
| Capital Work In Progress | | - | - | - | - | - | - | - | - | - | - |
| Sub Total (C) | | - | - | - | - | - | - | - | - | - | - |
| Intangible assets under Development | | - | - | - | - | - | - | - | - | - | - |
| Sub Total (D) | | - | - | - | - | - | - | - | - | - | - |
| Current Year (A+B+C+D) | | 883 | - | - | 883 | 135 | 119 | - | 255 | 628 | 748 |
| Previous Year | | - | 883 | - | 883 | - | 135 | - | 135 | 748 | - |

Long Term Loans and Advances

Schedule : 7

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|------------------------|-----------------|-----------------|
| Security Deposit | 127 | 117 |
| Other Loans & Advances | 156 | 166 |
| Total | 283 | 283 |

Other Non Current Assets

Schedule : 8

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|-----------------------------|-----------------|-----------------|
| Long Term Trade Recievables | | |
| Others | 909 | 1,866 |
| Total | 909 | 1,866 |

Trade Recievables

Schedule : 9

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|--------------------------------------|-----------------|-----------------|
| Outstanding for more than six months | - | - |
| Others | 5,735 | 3,101 |
| Total | 5,735 | 3,101 |

Cash & Cash Equivalent

Schedule : 10

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|--------------|-----------------|-----------------|
| Cash-in-Hand | 13 | 29 |
| Bank Balance | 158 | 1,886 |
| Total | 171 | 1,915 |

DECCAN GOLD MINES LIMITED

Short Terms Loans and Advances

Schedule : 11

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|---------------------------------------|-----------------|-----------------|
| Loans & Advances from Related Parties | - | |
| Others | 41 | 41 |
| Total | 41 | 41 |

Revenues From Operations & Other Income

Schedule : 12

| Particulars | Current Year | Previous Year |
|----------------------------------|--------------|---------------|
| Revenues From Operations: | | |
| Exploration Contract | 8,699 | 15,556 |
| Drilling Contract Receipts | | |
| Total | 8,699 | 15,556 |
| Other Income: | | |
| Consultancy Receipts | - | 6,061 |
| Interest on Others | - | 20 |
| Miscellaneous Receipts | - | |
| Total | - | 6,082 |
| Total | 8,699 | 21,639 |

Exploration Expenses

Schedule : 13

| Particulars | Current Year | Previous Year |
|---|--------------|---------------|
| Analysis Charges | 74 | 1,289 |
| Boarding & Lodging Charges | 235 | 188 |
| Camp Expenses | 24 | 109 |
| Diesel & fuel | 102 | 132 |
| Duplicating Charges | 4 | 1 |
| Field Supplies & Consumables | 89 | 272 |
| Field Vehicle Maintenance | 58 | 50 |
| RP Processing Fees | 1,302 | 63 |
| Rent | 360 | 189 |
| Land & Crop Compensation | 480 | 280 |
| Field Travel Expenses | 137 | 150 |
| Exploration Contract Expenses | 3,069 | 3,367 |
| Food & Water Charges | 162 | 250 |
| Professional & Consultantancy Fee | 1,821 | 939 |
| Trenching , Drilling & Pitting Charges | 776 | 6,154 |
| Surveying Charges | 6 | 2,571 |
| Other Camp Expenses | 5 | 11 |
| TOTAL carried To Profit & Loss Account | 8,705 | 16,021 |

Change in Inventories

Schedule : 14

| Particulars | Current Year | Previous Year |
|---------------------|--------------|---------------|
| Opening Stock: | | |
| Working in Progress | - | 4,082 |
| Total | - | 4,082 |
| Closing Stock: | | |
| Working in Progress | - | - |
| Total | - | - |
| Total | - | 4,082 |

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| Financial Cost | | Schedule : 15 | |
|------------------------------|--------------|----------------------|--|
| Particulars | Current Year | Previous Year | |
| Interest On Loans | | | |
| Bank Charges & Other Charges | 2 | 7 | |
| Total | 2 | 7 | |

| Depreciation & Amortised Cost | | Schedule : 16 | |
|--|--------------|----------------------|--|
| Particulars | Current Year | Previous Year | |
| Depreciation | 120 | 135 | |
| Preliminary Expenses Amortized | | - | |
| Total | 120 | 135 | |

| Other Expenses | | Schedule : 17 | |
|------------------------|--------------|----------------------|--|
| Particulars | Current Year | Previous Year | |
| Rates & Taxes | 1 | | |
| Postage & Telegraph | - | 1 | |
| Filing Fee | 2 | | |
| Printing & Stationery | 3 | - | |
| Other Expenses | - | | |
| Professional Fee | 4 | 4 | |
| Travelling Expenses | | 12 | |
| Auditors Remuneration: | | | |
| For Audit | 22 | 22 | |
| For Tax Audit | 4 | 4 | |
| For Others | | 3 | |
| Total [A + B] | 37 | 46 | |

| Exceptional Items | | Schedule : 18 | |
|---------------------------------|--------------|----------------------|--|
| Particulars | Current Year | Previous Year | |
| Penal Interest & Other Expenses | - | - | |
| Total | - | - | |

| TRADE PAYABLES | | |
|-------------------------------------|-----------------|-----------------|
| Particulars | As At 31.3.2013 | As At 31.3.2012 |
| FOR TRADE: | | |
| Geo Mysore Services (India) Pvt Ltd | 607 | 337 |
| BS Envitech (P)Ltd | 53 | |
| Total | 660 | 337 |
| FOR EXPENSES: | | |
| Staff | 18 | |
| Service Tax | - | |
| Rao & Venkatesulu | 27 | 30 |
| Total | 45 | 30 |
| Total | 705 | 367 |

DECCAN GOLD MINES LIMITED

OTHER CURRENT LIABILITIES

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|------------------------|-----------------|-----------------|
| Income Tax TDS Payable | 24 | 61 |
| Total | 24 | 61 |

TRADE RECEIVABLES

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|---|-----------------|-----------------|
| DUES FOR LESS THAN SIX MONTHS: Deccan Gold Mines Ltd | 5,735 | 3,101 |
| Total | 5,735 | 3,101 |
| DUES FOR LESS THAN SIX MONTHS: Total | | |
| Total | 5,735 | 3,101 |

OTHER NON CURRENT ASSETS

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|---|-----------------|-----------------|
| Long Term Trade Receivables Others: Income Tax T.D.S. | 909 | 1,866 |
| Total | 909 | 1,866 |

LONG TERM LOANS & ADVANCES

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|-------------------------|-----------------|-----------------|
| Security Deposit | 127 | 117 |
| Total | 127 | 117 |
| Others: Rent Deposit | 155 | 155 |
| Yogesh | | 11 |
| Jajadish Chandra Jat | 1 | |
| Total | 156 | 166 |

SHORT TERM LOANS & ADVANCES

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|---------------------------------------|-----------------|-----------------|
| Loans & Advances From Related Parties | | |
| Total | - | - |
| Others: Service Tax | 41 | 41 |
| Total | 41 | 41 |
| Total | 41 | 41 |

SCHEDULE '19'

NOTES FORMING PART OF ANNUAL ACCOUNTS:

1. Share Capital:

Reconciliation of Number of Shares:

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|-------------------------------|-----------------|-----------------|
| Equity Shares: | | |
| Balance at the beginning | 10 | 10 |
| Add: Number of Share Allotted | Nil | Nil |
| Balance at close | 10 | 10 |

Number of Shares issued for consideration other wise than for cash:

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|------------------------------|-----------------|-----------------|
| Equity Shares of ₹ 10/- Each | Nil | Nil |

Rights, preferences and restrictions attached to each class of shares:

Equity Share of ₹ 10/- each fully paid-up:

| | |
|---|---------------------------------------|
| a | Right to dividend on pari passu |
| b | Voting rights one vote per each share |
| c | No preferential rights are attached |
| d | No restrictions are attached. |

Name of shareholders holding more than 5% of Equity Shares:

| Name of Shareholders | As At 31.3.2013 | As At 31.3.2012 | % of Shares |
|----------------------|-----------------|-----------------|-------------|
| Deccan Gold Limited | 9999 | 9999 | 99.99% |

2. Particulars of Reserves and Surpluses:

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|--|-----------------|-----------------|
| Profit & Loss Account: | | |
| Opening Balance Brought Forward | 7,105 | 6,082 |
| Add: Current Year Profit | (164) | 1,022 |
| Less: Proposed Dividend & Dividend Tax | (Nil) | (Nil) |
| Less: Transferred to General Reserve | (Nil) | (Nil) |
| Closing Balance Carried Forward | 6,941 | 7,104 |

3. Trade Receivables:

Classified as Current: ₹ 5,735,664 (P.Y. ₹ 3,101,617) includes:

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|--|-----------------|-----------------|
| i. Debts Due for a period: | | |
| a. More than Six Months from the due date | Nil | Nil |
| b. Others | 5,735 | 3,101 |
| ii. Debts considered good and secured | Nil | |
| iii. Debts considered good but secured | 5,735 | 3,101 |
| iv. Debts considered unsecured and doubtful of recovery and not provided for | Nil | Nil |
| v. Debts due from: | | |
| a. Directors | Nil | Nil |
| b. Other Officers | Nil | Nil |
| c. Companies in which the Directors of the company is Directors | Nil | Nil |
| d. Firms in which Directors of the company are interested as partners | Nil | Nil |

DECCAN GOLD MINES LIMITED

4. Loans and Advances:

Classified as Current: ₹ 40,995 (P.Y. ₹ 40,862) includes:

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|---|-----------------|-----------------|
| i. Short Term Loans & Advances: | | |
| a. Capital Advances | Nil | Nil |
| b. Security Deposits | Nil | Nil |
| c. Due From Related Parties | Nil | Nil |
| d. Others | 41 | 41 |
| ii. Loans and advances which are: | | |
| a. Secured and considered good | Nil | Nil |
| b. Unsecured and Considered Good | 41 | 41 |
| c. Doubtful | Nil | Nil |
| iii. Loans & Advances due from: | | |
| e. Directors | Nil | Nil |
| f. Other Officers | Nil | Nil |
| g. Companies in which the Directors of the company is Directors | Nil | Nil |
| h. Firms in which Directors of the company are interested as partners | Nil | Nil |

Classified as Non-Current: ₹ 283,553 (P.Y. ₹ 283,933) includes:

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|---|-----------------|-----------------|
| i. Long Term Loans & Advances: | | |
| e. Capital Advances | Nil | Nil |
| f. Security Deposits | 127 | 117 |
| g. Due From Related Parties | Nil | Nil |
| h. Others | 156 | 166 |
| ii. Loans and advances which are: | | |
| d. Secured and considered good | Nil | Nil |
| e. Unsecured and Considered Good | 156 | 166 |
| f. Doubtful | Nil | Nil |
| iii. Loans & Advances due from: | | |
| i. Directors | Nil | Nil |
| j. Other Officers | Nil | |
| k. Companies in which the Directors of the company is Directors | Nil | |
| l. Firms in which Directors of the company are interested as partners | Nil | |

5. Amounts due to and From Related Parties:

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|--|-----------------|-----------------|
| Amounts due to Related Parties: | | |
| i. Geo Mysore Services India Private Limited | 607 | 337 |
| Total | 607 | 337 |
| Amounts due from Related Parties: | | |
| i. Deccan Gold Mines Ltd. | 5,735 | 3,101 |
| Total | 5,735 | 3,101 |

6. Bank Balances Include:

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|---|-----------------|-----------------|
| i. Unpaid Dividends | Nil | Nil |
| ii. Margin Money | Nil | Nil |
| III. Deposits with more than 12 months maturity | Nil | Nil |
| iv. Cheques & Drafts On Hand | Nil | Nil |
| v. Others | 158 | 1,886 |
| Total | 158 | 1,364 |

7. Operating Cycles of the business considered by the management are:

| Particulars | Period of operation cycle |
|-------------------------------|---------------------------|
| i. Mine Exploration Contracts | One Year |
| ii Mining Consultancy | Six Months |

8. The particulars of Gross Revenue and Net of Duties are:

| Particulars | Gross Value | Less: Duty | Net of Duty |
|--------------------------------|--------------|------------|--------------|
| i Mining Exploration Contracts | 8,699 | Nil | 8,699 |
| ii Consultancy Services | Nil | Nil | Nil |
| Total | 8,699 | Nil | 8,699 |

9. Particulars of amounts contributed to various funds for Employees benefit:

| Particulars of Funds | Current Year | Previous Year |
|--------------------------|--------------|---------------|
| i. Provident Fund | Nil | Nil |
| ii. ESI Contribution | Nil | Nil |
| iii. Labour Welfare Fund | Nil | Nil |
| Total | Nil | Nil |

DECCAN GOLD MINES LIMITED

10. RELATED PARTY TRANSACTIONS DISCLOSURES:

| Particulars | Associated Concerns & Directors Relatives | Key Management Personnel | TOTAL |
|-----------------------------------|---|--------------------------|-------|
| Exploration & Other Expenses Paid | 3,068 | Nil | 3,068 |
| Exploration Contract Receipts | 8,699 | Nil | 8,699 |
| Financial Transactions: | | | |
| a. Loan Borrowed | Nil | Nil | Nil |
| b. Loan Repaid | Nil | Nil | Nil |
| c. Interest Paid | Nil | Nil | Nil |
| d. Equity Share Capital | Nil | Nil | Nil |
| e. Share Application | Nil | Nil | Nil |
| f. Advances Received | Nil | Nil | Nil |
| g. Advances Repaid | Nil | Nil | Nil |
| Sale Of Fixed Assets | Nil | Nil | Nil |
| Purchase Of Fixed Assets | Nil | Nil | Nil |
| Receiving Of Services | Nil | Nil | Nil |
| Rendering Of Services | Nil | Nil | Nil |
| Guarantees & Collaterals: | Nil | Nil | Nil |
| Associated Concerns: | a. M/s Geo Mysore Services India (P) Ltd b. M/s Deccan Gold Mines Ltd. | | |
| Relatives: | None | | |
| Key Management Personnel | a. Mr. S.C.R.PESHWA - Director b. Mr. Karunakarn - Director | | |

11. Previous figures have been rearranged and regrouped so as to make them comparable with current figures.

12. 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:

1. Current Taxes On Income is provided as per the liability computed under the Income Tax Act, 1961.
2. The Deferred Tax Asset and liabilities is created as per AS-22 prescribed by the Institute Of Chartered Accountants of India.

F. ACCOUNTING OF INTANGIBLE ASSETS:

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

13. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration Details :

Registration No.: 22819

State Code: 08

BALANCE SHEET AS AT 31st MARCH, 2013:

| Particulars | As At 31.3.2013 | As At 31.3.2012 |
|--|-----------------|-----------------|
| II. Capital raised during the year: ₹ in Millions: | | |
| Public Issue | Nil | Nil |
| Right Issue | Nil | Nil |
| Bonus Issue | Nil | Nil |
| Private Placement | Nil | Nil |
| III. Position of mobilization and deployment of funds: ₹ in Millions: | | |
| Total Liabilities | 7.769 | 7.957 |
| Total Assets | 7.769 | 7.957 |
| Sources of Funds: | | |
| Paid Up Capital | 0.100 | 0.100 |
| Reserves & Surpluses | 6.941 | 7.105 |
| Non Current Liabilities | Nil | Nil |
| Current Liabilities | 0.729 | 0.752 |
| Application of Funds: | | |
| Net Fixed Assets | 0.628 | 0.748 |
| Non Current Assets | 1.193 | 2.151 |
| Current Assets | 5.948 | 5.058 |
| Deferred Tax Asset | Nil | Nil |
| IV. Performance of the Company: ₹ in Millions: | | |
| Turnover | 8.699 | 21.640 |
| Total Expenditure | 8.863 | 20.293 |
| Profit Before Tax | (0.164) | 1.347 |
| Profit After Tax | (0.164) | 1.023 |
| Earning Per Share [Annualized] | | |
| After reckoning Deferred Tax Asset | (₹16.44) | ₹ 102.27 |
| Dividend | ₹ Nil | ₹ 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 "1" and "19

As per our report of even date attached.

For **DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

For **Rao & Venkatesulu**
Chartered Accountants

S.C.R PESHWA
Director

K.KARUNAKARAN
Director

K Y Ningoji Rao
Partner
Membership No. :018278
FRN: 003108S

Place : Bangalore
Date : 10 May 2013