

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

DIRECTOR'S REPORT

To the Members,
Deccan Exploration Services Private Limited
Bengaluru.

Your Directors have pleasure in submitting their 19th Annual Report of the Company together with the Audited Statements of Accounts for the year ended March 31, 2017.

1. FINANCIAL SUMMARY

Amount (in ₹ '000)

Particulars	As at the end of current reporting period	As at the end of previous reporting period
Total Revenue	14,908	5,988
Total Expenses	11,544	4,427
Profit or Loss before Exceptional and Extraordinary items and Tax	3,364	1,561
Less: Exceptional Items	2	-
Less: Extraordinary Items	-	-
Profit or Loss before Tax	3,362	1,561
Less: Current Tax	826	315
Deferred Tax	156	430
Profit or Loss After Tax	2,380	816
Balance as per Previous year Balance Sheet	3,59,061	16,102
Add: Transfer to Reserves	2,470	3,42,959
Balance as per Current Year Balance Sheet	3,61,531	3,59,061

2. DIVIDEND

No Dividend was declared for the current financial year.

3. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

4. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

Issue of Grant Notification Letter for Ganajur Gold Project:

The Company's Ganajur ML file is under process at the Commerce & Industries Department, Government of Karnataka (C & I) after receipt of Department of Mines & Geology's (DMG's) reply on June 12, 2017.

By way of background information, it may be noted that the C & I received a letter dated February 7, 2017 from Ministry of Mines, Government of India (MoM), stating that its prior approval for Ganajur Mining Lease accorded vide its letter dated July 24, 2015 was under Section 10(A)(2)(b) of the Mines & Minerals (Development & Regulation) Act, 1957 ("MMDR") and advising the Karnataka Government to get the Mining Lease executed in accordance with law at the earliest and to expedite the clearances and approvals for starting the mining operations. Vide its letter dated March 20, 2017 the C & I forwarded the above noted MoM's letter to DMG seeking its comments thereon.

The DMG's reply letter dated June 9, 2017 was received at the C & I on June 12, 2017 as per information updated on the website of C & I.

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Hutti Civil Appeals being heard before the Hon'ble Supreme Court:

Updates on the matter from time to time can be accessed at www.deccangoldmines.com.

Recently, the matter was mentioned before the Bench comprising Justice Mr Madan Lokur and Justice Deepak Gupta on July 21, 2017. As advised by the Bench, the matter was mentioned before the Hon'ble Chief Justice and his direction that this matter will be taken up before a bench presided by Justice Mr. Madan Lokur was presented before the bench on August 4, 2017.

Justice Mr. Madan Lokur is yet to give a specific date for hearing, as he is busy with hearing some part heard matters. Our Lawyers are looking to mention the matter again before him at the next available opportunity.

Completion of Feasibility Study (FS) for the Ganajur Gold Project:

Your Company is pleased to announce that the FS for the Ganajur Gold Project was completed during July, 2017.

For the benefit of shareholders, the key economic model headlines (before & after taxation) of the Ganajur Gold Project as reported in the FS indicating the robustness of the project is reproduced hereunder:

Economic model headline results before taxation

Item	Unit	Value at
USD 1,250/oz Au		
Net cash flow	USD M	133.0
NPV5	USD M	91.6
IRR	%	39.1

Economic model headline results after taxation

Item	Unit	Value at
USD 1,250/oz Au		
Net cash flow	USD M	93.1
NPV5	USD M	61.4
IRR	%	29.6

There was no change in nature of the business of the Company, during the year under review.

5. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to our Company. There was no foreign exchange earnings and outgo during the year under review.

7. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

Keeping in mind the size and present operations of the Company, the Company does not have any risk management policy.

DECCAN EXPLORATION SERVICES PRIVATE LIMITED**8. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable to it at present.

9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES - NIL**11. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There are no qualifications, reservations or adverse remarks made by the Auditors in their report. Further, the provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

12. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company

13. ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in Annexure A and is attached to this Report.

14. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Company has conducted 4 Board meetings during the financial year under review on the following dates – April 30, 2016; September 1, 2016; December 6, 2016; and March 30, 2017.

15. DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board of Directors state that:

- (a) in the preparation of annual accounts, applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had 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 and of the profit and loss of the company for that period;
- (c) they had 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;
- (d) they had prepared the annual accounts on a going concern basis;
- (e) the Company being unlisted, sub clause (e) of section 134(3) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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16. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any subsidiaries, joint ventures or associate companies.

17. DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review.

18. DIRECTORS

The parent Company nominated Mr K.R. Krishnamurthy as a Director on the Board of the Company and accordingly, Mr Krishnamurthy was appointed as an Additional Director on March 30, 2017. Necessary resolutions proposing him as a Director of the Company has been included in the Notice convening the ensuing Annual General Meeting of the Company.

The Company is not mandatorily required to appoint any whole time Key Management Personnel (KMP).

19. DECLARATION OF INDEPENDENT DIRECTORS

The provisions of Section 149 for appointment of Independent Directors are not applicable to the Company.

20. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

21. STATUTORY AUDITORS

M/s. Rao & Venkatesulu, Chartered Accountants were appointed as Statutory Auditors for a period at the last Annual General Meeting and are eligible for reappointment, subject to ratification of members at ensuing Annual General Meeting of the company.

22. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 are not applicable to the Company.

23. SHARES

During the year under review, the company did not issue any shares.

24. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

25. ACKNOWLEDGEMENT

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

For and on behalf of the Board
Deccan Exploration Services Private Limited

Place : Bengaluru
Date : August 12, 2017

S.C.R. Peshwa
Director

K. Karunakaran
Director

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FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1	CIN	U27205KA1997PTC022819
2	Registration Date	25-09-1997
3	Name of the Company	DECCAN EXPLORATION SERVICES PRIVATE LIMITED
4	Category/Sub-category of the Company	INDIAN NON GOVERNMENT COMPANY
5	Address of the Registered office & contact details	No. 5, 19th Main Road, 4th Sector, HSR Layout, Bengaluru 560102
6	Whether listed company	NO
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Mining	7295	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S N	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held"	"Applicable Section"
1	DECCAN GOLD MINES LIMITED	L51900MH1984PLC034662	HOLDING	100	2 (46)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	"No. of Shares held at the beginning of the year [As on 31-March-2016]"				"No. of Shares held at the end of the year [As on 31-March-2017]"				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
c) Bodies Corp.	-	12,999	12,999	99.99%		12,999	12,999	99.99%	1.00%
Sub Total (A) (2)	-	12,999	12,999	99.99%		12,999	12,999	99.99%	1.00%
B. Public Shareholding									
2. Non-Institutions									
b) (i) Individual shareholders holding nominal share capital up to ₹ 1 lakh		1	1	0.01%		1	1	0.01%	0.00%
c) Others (NRI)		0	0	0.00%		0	0	0.00%	-1.00%
Sub-total (B)(2):-	-	-	-	0.00%	-	-	-	0.00%	-1.00%
C. Shares held by Custodian for GDRs & ADRs		NIL	-						
Grand Total (A+B+C)	-	13,000	13,000	100.00%	-	13,000	13,000	100.00%	0.00%

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(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year*
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Deccan Gold Mines Limited	12,999	99.99%	0	12,999	99.99%	0	0.00%

*Change due to increase in paid up capital

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	12,999	99.99%		
	Changes during the year	-	0.00%	-	0.00%
	At the end of the year	12,999	99.99%	12,999	99.99%

Note: No change in the number of shares held. Change in % due to increase in paid up capital

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
Not applicable							

(v) Shareholding of Directors and Key Managerial Personnel:

K. Karunakaran - 1 equity share of ₹10/- each as nominee of holding company.

V. INDEBTEDNESS

NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A	COMPANY		NIL		
B	DIRECTORS		NIL		
C	OTHER OFFICERS IN DEFAULT		NIL		

For and on behalf of the Board
Deccan Exploration Services Private Limited

Place : Bengaluru
Date : August 12, 2017

S.C.R. Peshwa
Director

K. Karunakaran
Director

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AUDITOR'S REPORT

**TO THE MEMBERS OF
DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

Report on the Financial Statements:

We have audited the accompanying financial statements of **Deccan Exploration Services Private Limited**, which comprise of the Balance Sheet as at 31st March, 2017 and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information, attached thereto.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors and the management are responsible under Section 134 (5) of the Companies Act, 2013 for:

- (a) Preparation and presentation of the aforesaid financial statements in accordance with the accounting principles generally accepted in India and with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and for explaining any material departures;
- (b) for selecting the accounting policies and for application of the same consistently and to make the judgments and estimates reasonably and prudently so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for the year;
- (c) to take proper and adequate care for the maintenance of the required accounting records in the manner so required under the Act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) for preparation of the annual accounts on a going concern basis;
- (e) for laying down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
- (f) for devising proper systems to ensure compliance with the provisions of all applicable laws and that the same are adequate and are operating effectively.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the rules and regulations made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depends upon our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the said financial statements.

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Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2017;
- (ii) in the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows during the year ended on that date.

Report on Other Legal and Regulatory Matters:

As required by Section 143 (3) of the Companies Act, 2013 and orders issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give our findings on the matters specified in the paragraph (3) and (4) of the Order, to the extent applicable, in the annexure "A" hereto.

As required by Section 143(3) of the Act, we further report that:

1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion proper books of accounts as required by law have been kept by the Company so far it appears from our examination of those books;
3. The Balance Sheet and the Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
4. In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
5. On the basis of the written information received from the Directors as on 31st March, 2017 and taken on record by the Board of Directors, none of the Directors is disqualified from being appointed as a Director in terms of Section 164(2) of the Act, as on 31st March, 2017;
6. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls our findings are given in our separate report attached herewith as "Annexure B": and
7. With respect to other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, In our opinion and to the best of our information and according to the explanations given to us:
 - i. the company has no pending litigation which may impact the Company's Financial position;
 - ii. The Company did not have any long term contracts including Derivatives Contract for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to Investor Education & Protection fund by the Company;
 - iv. The company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with of books of accounts maintained by the company. Refer Note 27 to the standalone financial statements

For **RAO & VENKATESULU**
Chartered Accountants

K.Y. NINGOJI RAO
Partner

Membership No. : 018278
FR No. 003108S

Place : Bengaluru
Date : April 29, 2017

DECCAN EXPLORATION SERVICES PRIVATE LIMITED**ANNEXURE “A” REFERRED TO IN THE AUDIT REPORT****TO THE MEMBERS OF
DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

We report our following findings on the matters stated in para (3) and (4) of the Companies (Auditor’s Report) Order, 2016:

1. In respect of the Fixed Assets:
 - (a) the company has maintained proper records showing their full particulars including their quantitative details and situation;
 - (b) no immovable properties are held in the name of the company; and
 - (c) they have been physically verified at reasonable periodical interval by the management and as per the information given to us no discrepancy has been noticed.
2. In respect of Inventory:
 - (a) The management has physically verified the inventory at reasonable periodical intervals during the year; and
 - (b) No discrepancies are found during the year.
3. The company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. According to the information and explanation given to us, the company has not given any loans and advances, investments or guarantees as contemplated u/s 185 and 186 of the Act.
5. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits as contemplated under section 73 to 76 of the Companies Act, 2013.
6. That as per the information given to us by the company, the Company has not availed any term loan during the year from Financial Institutions or Banks.
7. As per our information the cost records prescribed to the company by the Central Government u/s section 148 (1) of the Companies Act, 2013 are not applicable.
8. In respect of statutory liabilities and obligations:
 - (a) The company has according to the information and explanations given to us and on the basis of such checks as we considered necessary, been regular in depositing such undisputed statutory dues with the appropriate authority, in respect of the statutory liability in respect of Central Excise Duty, Provident Fund, Employees State Insurance, Income Tax, Entry Tax, Service Tax and other statutory dues and there are no dues, which are due for more than a period of six months which remained outstanding as at 31st March 2017 except professional tax of Rs.7,400/-;
 - (b) There are no dues in respect of Central Excise Duty, Provident Fund, Employees State Insurance, Income Tax, Entry Tax, Service Tax, and Sales Tax which have remained unpaid owing to pending dispute.
9. The company did not raise any money by way of initial public offer or further public offer.
10. According to our information and to the explanations given to us no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
11. The company is not a Nidhi Company.

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12. According to the information and explanations given to us and based on our examination of the company, the company has not made any preferential allotment of shares on private placement basis during the year.
13. According to information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards and Companies Act,2013.
14. According to information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with the directors or persons connected with them as contemplated under section 192 of the Companies Act, 2013.

For **RAO & VENKATESULU**
Chartered Accountants

K.Y. NINGOJI RAO
Partner
Membership No. : 018278
FR No. 003108S

Place : Bengaluru
Date : April 29, 2017

DECCAN EXPLORATION SERVICES PRIVATE LIMITED**ANNEXURE – B TO THE AUDITOR’S REPORT****Report on the Internal Financial Controls under (i) of Sub-Section 3 of
Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Deccan Exploration Services Private Limited as of 31 March 2017 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishment and maintaining internal financial controls based on the internal control over financial reporting established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We Conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting and the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. These Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and that such controls operated effectively in all material respects.

Our Audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatement due to error or fraud that may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are

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subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial reporting issued by the Institute of Chartered Accountants of India.

For **RAO & VENKATESULU**
Chartered Accountants

K.Y. NINGOJI RAO
Partner
Membership No. : 018278
FR No. 003108S

Place : Bengaluru
Date : April 29, 2017

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BALANCE SHEET AS AT 31ST MARCH, 2017

(Amount in '000)

Particulars	Note No	As at 31.3.2017	As at 31.3.2016
I EQUITY AND LIABILITIES			
1 Shareholder's Funds:			
a Share Capital	1	130	130
b Reserves and Surpluses	2	3,61,531	3,59,061
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)	3	436	280
c Other Long Term Liabilities		-	-
d Long Term Provisions	4	51	-
4 Current Liabilities:			
a Short Term Borrowings		-	-
b Trade Payables	5	143	15,060
c Other Current Liabilities	6	281	936
d Short Term Provisions	7	826	314
TOTAL		3,63,398	3,75,781
II ASSETS			
1 Non Current Assets:			
a Fixed Assets:			
(i) Tangible Assets	8	3,177	3,464
(ii) Intangible Assets	8	2,432	2,958
(iii) Capital work-in-progress	8	1,76,620	43,584
(iv) Intangible Assets Under Development		-	-
b Non Current Investments		-	-
c Long Term Loans and Advances	9	1,700	1,007
d Other Non Current Assets	10	97	696
2. Current Assets:			
a Current Investments		-	-
b Trade Receivables	11	156	156
c Cash and Cash Equivalents	12	1,56,211	3,19,514
d Short Term Loans and Advances	13	22,692	4,396
e Other Current Assets	14	313	5
TOTAL		3,63,398	3,75,781

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

For and on behalf of the Board

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

Place : Bengaluru
Date : April 29, 2017

FRN: 003108S

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2017

(Amount in '000)

Particulars	Note No	For the year ended 31.3.2017	For the year ended 31.3.2016
REVENUES:			
I. Revenue From Operations	15	-	467
II. Other Income	15	14,908	5,521
III. Total Revenue (I +II)		14,908	5,988
IV. EXPENSES:			
1 Exploration Expenses	16	-	-
2 Employee Benefit Expense	17	3,665	450
3 Financial Costs	18	88	1,140
4 Depreciation and Amortization Expense	19	1,774	689
5 Other Expenses	20	6,017	2,148
Total Expenses		11,544	4,427
V. Profit Before Exceptional and Extraordinary Items & Tax		3,364	1,561
VI. Exceptional Items	21	2	-
VII. Profit Before Extraordinary Items and Tax		3,362	1,561
VIII. Extraordinary Items		-	-
IX. Profit Before Tax		3,362	1,561
X Tax Expense:			
1 Current Tax		826	314
2 Earlier Year Taxes		-	-
3 Deferred Tax		156	430
XI Profit (Loss) For The Period From Continuing Operations		2,380	816
XII Profit/(Loss) from Discontinuing Operations		-	-
XIII Tax Expense of Discounting Operations		-	-
XIV Profit/(Loss) From Discontinuing Operations		-	-
XV Profit/(Loss) For The Period		2,380	816
Earning Per Equity Share:			
1 Basic ₹		183.06	62.75
2 Diluted ₹		183.06	62.75

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

For and on behalf of the Board

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 : Bengaluru
Date : April 29, 2017

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

NOTES FORMING PART OF ANNUAL ACCOUNTS

Note 1 : Share Capital

Particulars	As At 31.3.2017	As At 31.3.2016
A. Authorized Capital:		
20,000,(P.Y. 20,000) Equity Shares of ₹ 10/- Each	2,00,000	2,00,000
3,50,000,(P.Y.3,50,000) 1% Redeemable Preference shares of ₹100/- Each	3,50,00,000	3,50,00,000
B. Issued, Subscribed & Paid Up Capital:		
13,000 (P.Y.10,101) Equity Shares of ₹ 10/- Each, Fully Paid Up	1,30,000	1,30,000
Nil (P.Y.1,80,000) 0.0001% Redeemable Preference Shares of ₹ 100/- Each, Fully Paid Up	Nil	Nil
Total	1,30,000	1,30,000

Reconciliation of Number of Shares:

Particulars	As At 31.3.2017	As At 31.3.2016
Equity Shares:		
Balance at the beginning	13,000	10,101
Add: Number of Shares Allotted	Nil	2,899
Balance at close	13,000	13,000
0.0001% Preference Shares:		
Balance at the beginning	Nil	1,80,000
Add: Number of Shares Allotted	Nil	Nil
Less; Number of Shares Redeemed	Nil	1,80,000
Balance at close	Nil	Nil

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

Particulars	As At 31.3.2017	As At 31.3.2016
Equity Shares of ₹ 10/- Each	Nil	Nil
1% Redeemable Preference Shares of ₹ 100/-	Nil	Nil

Rights, preferences and restrictions attached to each class of shares:
Equity Share of ₹ 10/- each & 0.0001% Redeemable Preference Shares of ₹ 100/- 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 31.3.2017	% of Shares As at 31.3.2017	As At 31.3.2016	% of Shares As at 31.3.2016
Deccan Gold Limited	13,000	100%	13,000	100%

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

Name of Shareholders	As At 31.3.2017	As At 31.3.2016	% of Shares
	Nil	Nil	Nil
TOTAL	Nil	Nil	Nil

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Note 2 : Reserves and Surpluses

Amount (₹ '000)

Particulars	As At 31.3.2017	As At 31.3.2016
A. Capital Reserves:	Nil	Nil
B. Capital Redemption Reserve	Nil	Nil
C. Share Premium:	3,54,052	3,54,052
D. Profit & Loss Account:		
Opening Balance Brought Forward	7,454	6,638
Add: Current Year Profit	2,380	816
Closing Balance Carried Forward	9,834	7,454
E. Other Reserves;		
Pre-Operative Expenditure	(2,081)	(2,081)
Preliminary Expenses	(272)	(362)
F. Total	3,61,531	3,59,061

Note 3 : Deferred Tax Liabilities (Net)

Particulars	As At 31.3.2017	As At 31.3.2016
Deferred Tax Liability	451	280
Less; Deferred Tax Assets	15	Nil
Net Deferred Tax Liability	436	280

Particulars of Deferred Tax liability provided in the accounts are as follows:

Particulars	Current Year	Previous Year
Written Down Value As Per Books	5,610	6,422
Less : Written Down Value As Per Income Tax	4,100	5,560
Difference in WDV	1,510	862
Deferred Tax Liability	451	280
Disallowances U/s 40(a) & 43B	Nil	Nil
Unabsorbed depreciation & Business Loss	Nil	Nil
Deferred Tax Asset	15	Nil
Net Deferred Tax Asset/Liability	436	280
Deferred Tax Provided in earlier years	(280)	(151)
Deferred Tax Provided(+)/Withdrawn(-) in the year	156	430

Note 4. Long Term Provisions

Particulars	As At 31.3.2017	As At 31.3.2016
Employees Benefit Payable (Gratuity)	51	Nil
Others	Nil	Nil
Total	51	Nil

Note 5. Trade Payables:

Particulars	As At 31.3.2017	As At 31.3.2016
Trade Creditors	22	14,117
Others	121	943
Total	143	15,060

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DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Note 6 : Other Current Liabilities

Amount (₹ '000)

Particulars	As At 31.3.2017	As At 31.3.2016
Service Tax Payable	87	Nil
Income Tax TDS Payable	156	934
Others	38	2
Total	281	936

Note 7 : Short Term Provisions

Particulars	As At 31.3.2017	As At 31.3.2016
Income Tax Payable	826	314
Others	Nil	Nil
Total	826	314

Note 8. Fixed Assets

Sl. No.	Particulars	Useful life in Yrs.	Gross Block				Accumulated Depreciation				Net Block (WDV)	
			Value at the beginning	Additions during the year	Deductions during the year	Value at the end 31-03-2017	Value at the beginning	Additions during the year	Deductions during the year	Value at the end 31-03-2017	WDV as at 31-03-2017	WDV as at 31-03-2016
I	Tangible Assets :											
1	Land		-	-	-	-	-	-	-	-	-	-
2	Buildings		-	-	-	-	-	-	-	-	-	-
3	Plant & Machinery	15	-	-	-	-	-	-	-	-	-	-
4	Vehicles	8	3,036	135	-	3,171	865	275	-	1,140	2,031	2,171
5	Furniture & Fixtures	10	228	65	-	293	6	26	-	33	261	222
6	Office Equipments	10	88	78	-	1667	18	26	-	45	122	70
7	UPS	3	54	-	-	54	36	70	-	43	12	19
8	Computer	3	1,131	140	-	1271	148	-	-	519	752	983
	SUB TOTAL (A)		4,538	418	-	4956	1,074	705	-	1,778	3,178	3,464
II	Intangible Assets											
1	Software	3	3,142	542	-	3,684	183	1,068	-	1,252	2,432	2,958
	SUB TOTAL (B)		3,142	542	-	3,684	183	1,068	-	1,252	2,432	2,958
III	Capital Work-in-progress		43,584	1,330	-	176620	-	-	-	-	1,76,620	43,584
	Capital Expenditure pending for allocation		-	-	-	-	-	-	-	-	-	-
	SUB TOTAL (C)		43,584	1,330	-	1,76,620	-	-	-	-	1,76,620	43,584
IV	Intangible Assets Under Development		-	-	-	-	-	-	-	-	-	-
	SUB TOTAL (D)		-	-	-	-	-	-	-	-	-	-
	Total Current Year [A + B + C + D]		51,263	1,339	-	1,85,260	1,257	1,774	-	3,031	1,82,230	50,006
	Total Previous Year		939	503	-	51263	567	689	-	1,257	50,006	-

Note 9 : Long Term Loans and Advances

Particulars	As At 31.3.2017	As At 31.3.2016
Security Deposit	127	127
Other Loans & Advances	1,573	880
Total	1,700	1,007

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Note 10 : Other Non Current Assets

Amount (₹ '000)

Particulars	As At 31.3.2017	As At 31.3.2016
Long Term Trade Receivables	Nil	Nil
Advances with Revenue Authorities	97	696
Others	Nil	Nil
Total	97	696

Note 11 : Trade Recievables

Particulars	As At 31.3.2017	As At 31.3.2016
Cash In Hand	24	9
Bank Balance	1,56,187	3,19,506
Total	1,56,211	3,19,515

Note 12 : Cash & Cash Equivalent

Particulars	As At 31.3.2017	As At 31.3.2016
Cash-in-Hand	24	9
Bank Balance	8,171	5,988
Bank Fixed Deposits with Accrued Interest	1,48,016	3,13,517
Total	1,56,211	3,19,514

Bank Balances Include:

Particulars	As At 31.3.2017	As At 31.3.2016
Unpaid Dividends	Nil	Nil
Margin Money	Nil	Nil
Deposits with not more than 12 months maturity	1,48,016	3,13,517
Cheques & Drafts On Hand	Nil	Nil
Others (Bank Balance)	8,171	5,988
Total	1,56,187	3,19,505

Note 13 : Short Terms Loans and Advances

Particulars	As At 31.3.2017	As At 31.3.2016
Loans & Advances to Related Parties	Nil	Nil
Advances with Revenue Authorities	22,561	3,770
Other Loans & Advances	131	626
Total	22,692	4,396

Note 14 : Other Current Assets

Particulars	As At 31.3.2017	As At 31.3.2016
Interest receivable	224	Nil
Prepaid Expenses	89	5
Total	313	5

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Note 15 : Revenues From Operations & Other Income

Amount (₹ '000)

Particulars	Current Year	Previous Year
A. Revenue from Operation :		
Exploration Contract	Nil	Nil
Consultancy Receipts	Nil	467
Total	Nil	467
B. Other Incomes:		
Interest on Deposits & Others	14,908	5,520
Miscellaneous Receipts	Nil	Nil
Total	14,908	5,987
C. Total (A+B)	14,908	5,987

Note 16: Exploration Expenses:

Particulars	Current Year	Previous Year
Analysis Charges	15,513	2,514
Boarding & Lodging Charges	1,367	444
Camp Expenses	1,324	545
CSR Activities Expenses	1,163	Nil
Electricity Charges	7	20
Exploration Contract Expenses	8,234	6,670
Field & Travel Expenses	3,218	1,475
Field Supplies & Consumables	403	207
Field Vehicle Maintenance	915	684
Freight & Transportation Charges	250	77
Land & Crop Compensation	4,691	7,561
Other Camp Expenses	Nil	115
Printing & Duplicating Charges	Nil	21
Professional & Consultancy Fees	57,902	10,783
Exchange Fluctuation Charges	1,210	Nil
Bank charges for Outward payment	267	Nil
Rent	585	465
Telephone & Communication Expenses	23	85
Trenching Drilling & Pitting Charges	35,964	11,918
Total	1,33,036	43,584
Less: Transferred to Capital Expenditure W I P	1,33,036	43,584
Total	Nil	Nil

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Note 17: Employment Benefit Expenses:

Amount (₹ '000)

Particulars	Current Year	Previous Year
Salaries Wages Bonus Gratuity Leave Encashment	3,487	375
Staff Welfare & Medical Expenses	178	75
Total	3,665	450

Note 18: Financial Cost

Particulars	Current Year	Previous Year
Interest on Other Loans	Nil	1,107
Bank Charges & Other Charges	6	33
Interest on ST	82	Nil
Total	88	1,140

Note 19 : Depreciation Amortised Cost

Particulars	Current Year	Previous Year
Depreciation	1,774	689
Preliminary Expenses Amortized	Nil	Nil
Total	1,774	689

Note 20 : Other Expenses:

Particulars	Current Year	Previous Year
AMC Charges	11	Nil
Computer –Consumables	28	Nil
Electricity Charges	204	110
Filing Fees	9	8
Insurance Charges	51	46
Membership & Subscription	90	19
Networking Expenses	3	70
Office Expenses	1	2
Office Maintenance	380	319
Postage & Telegrams	15	27
Preliminary Expenses Written off	91	91
Printing & Stationery Expenses	43	47
Professional Fees	3,728	48
Rates & Taxes	344	38
Recruitment Charges	19	112
Rent	671	525
Repairs & Maintenance	86	406
Telephone Expenses	110	43
Vehicle Maintenance	68	178
Water Charges	33	25

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DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

AUDITORS REMUNERATION:		
For Audit	25	23
For Taxation	5	6
For Expenses	2	5
Total	6,017	2,148

Note 21 : Exceptional Items

Particulars	Current Year	Previous Year
Income:		
Excess of Income Tax Provision Withdrawn	4	Nil
Expenditure:		
Penal Interest & Other Expenses	6	Nil
Total	2	Nil

Note 22. Contingent Liabilities: Nil (P.Y Nil)

Note 23. Trade Receivables:

Classified as Current: Rs. 156097/- (P.Y. Rs. 156097/-) includes:

	Particulars	As At 31.3.2017	As At 31.3.2016
i.	Debts Due for a period:		
	a. more than Six Months from the due date	156	Nil
	b. Others	Nil	156
ii.	Debts considered good and secured	Nil	Nil
iii.	Debts considered good but not secured	156	156
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

Note 24. Loans and Advances:

Classified as Current: Rs. 22691637/- (P.Y.Rs. 4396249/-) includes:

	Particulars	As At 31.3.2017	As At 31.3.2016
i.	Long Term Loans & Advances:		
	a. Capital Advances	Nil	Nil
	b Security Deposits	Nil	Nil
	c. Due From Related Parties	Nil	Nil
	d Others	22,692	4,396

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

ii. Loans and advances which are:		
a. Secured and considered good	Nil	Nil
b. Unsecured and Considered Good	22,692	4,396
c. Doubtful	Nil	Nil
III. Loans & Advances due from:		
a. Directors	Nil	Nil
b. Directors Relatives	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

Note 25. Loans and Advances:

Classified as Non-Current: Rs. 1699622/- (P.Y.Rs. 1007434/-) includes:

Particulars	As At 31.3.2017	As At 31.3.2016
i. Long Term Loans & Advances:		
a. Capital Advances	Nil	Nil
b. Security Deposits	127	127
c. Due From Related Parties	Nil	Nil
d. Others	1,572	880
ii. Loans and advances which are:		
a. Secured and considered good	Nil	Nil
b. Unsecured and Considered Good	1,700	1,007
c. Doubtful	Nil	Nil
III. Loans & Advances due from:		
a. Directors	Nil	Nil
b. Directors Relatives	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

Classified as Other Non-Current: Rs. 96966/- (P.Y Rs. 695583/-) includes:

Particulars	As At 31.3.2017	As At 31.3.2016
i. Long Term Loans & Advances:		
a. Capital Advances	Nil	Nil
b. Security Deposits	Nil	Nil
c. Due From Related Parties	Nil	Nil
d. Others	97	696
ii. Loans and advances which are:		
a. Secured and considered good	Nil	Nil
b. Unsecured and Considered Good	97	696
c. Doubtful	Nil	Nil

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

III. Loans & Advances due from:		
a. Directors	Nil	Nil
b. Directors Relatives	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

Note 26. Amounts due to and From Related Parties:

Amounts due from Related Parties:

Particulars	As At 31.3.2017	As At 31.3.2016
Deccan Gold Mines Ltd	Nil	Nil
Total	Nil	Nil

Amounts due to Related Parties:

Particulars	As At 31.3.2017	As At 31.3.2016
Deccan Gold Mines Ltd	Nil	10,043
Total	Nil	10,043

Note 27. Operating Cycles of the various businesses considered by the management are:

Particulars	Period of operation cycle
Mining Exploration Contract	One Year
Mining Consultancy	Six Months
Total	Nil

Note 28. The particulars of Gross Sales and Net of Duties are:

Particulars	Gross Value	Less: Duty	Net of Duty
Mining Exploration Contract	Nil	Nil	Nil
Mining Consultancy	Nil	Nil	Nil
Total	Nil	Nil	Nil

Note 29. The particulars of Foreign Exchange Earnings and Expenditure are:

Particulars	Current Year	Previous Year
Earnings:		
I Exports	Nil	Nil
Expenditure:		
i Import of Materials	Nil	Nil
ii Import of Consumables	51,087	Nil
iii Import of Machinery	13,887	Nil
iv Travelling , Proff & consultancy	1,285	3,683
Total	66,259	3,683

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Note 30. Particulars of amounts contributed to various funds for Employees benefit: Amount (₹ In '000)

Particulars	Current Year	Previous Year
Provident Fund	Nil	Nil
ESI Contribution	Nil	Nil
Labour Welfare Fund	Nil	Nil
Total	Nil	Nil

Note 31. RELATED PARTY TRANSACTIONS DISCLOSURES:

Particulars	Subsidiary, Directors & Relatives	Key Management Personnel	TOTAL
Exploration & Other Expenses Paid			
Exploration Contract Receipts			
Financial Transactions:			
a. Loan Borrowed	Nil	Nil	Nil
b. Loan Repaid	Nil	42	42
c. Interest Paid	Nil	Nil	Nil
d. Equity Share Capital	Nil	Nil	Nil
e. Share Application	Nil	Nil	Nil
f. Advances Recovered	Nil	Nil	Nil
g. Advances Paid	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:	None		
Share Holders & Relatives:	M/s Deccan Gold Mines Ltd		
Key Management Personnel	a. Mr. S.C.R.Peshwa-Director		
	b. Mr. Karunakaran-Director		
	c. Mr. K. R. Krishnamurthy - Director		

Note 32. Previous figures have been rearranged and regrouped so as to make them comparable with current figures.

Note 33. SIGNIFICANT ACCOUNTING POLICIES :

A. REVENUE RECOGNITION:

- Sales revenues and Contract Receipts are accounted on accrual basis goods.
- All incomes to the extent they are ascertained are accounted on accrual basis.

B. EXPENDITURE RECOGNITION:

- All expenditure relating to the purchase of goods and contract expenses are accounted on accrual basis.
- 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 realizable value whichever is lower.

DECCAN EXPLORATION SERVICES PRIVATE LIMITED**D. FIXED ASSETS:**

Depreciation on fixed assets is provided on estimated useful life basis as specified in Schedule II to the Companies Act 2013.

E. INVESTMENTS:

Investments are valued at cost.

F. TAXES ON INCOME:

- a. Current Liability towards Taxes On Income is recognized as per the estimates made as per the provisions of the Income Tax.
- b. Deferred Tax Asset and liabilities is recognized as per AS 22 issued by the ICAI; and

G. AMORTISATION OF INTAGIBLE ASSETS:

All Intangible Assets are amortized as per AS 26 issued by the ICAI.

Note 34. Particulars of number of employees drawing remuneration exceeding a sum of Rs. 60,00,000 per annum or Rs. 500000 per month is Nil.

Note 35. DISCLOSURE ON SPECIFIED BANK NOTE (SBNS)

During the year the company had specified bank notes or other denomination as defined in MCA notification G.S.R. 308(E) dated March 31 2017 on the details of specified Bank Notes (SBNS) held and transacted during the period from November 8 2016 to December 30 2016 is given below:

Particulars	Amount (in ₹)		
	SBNs	Other Denomination Notes	Total
Closing Balance Cash Held as on 8th November 2016	5,83,000	8,397	5,91,397
Add: Permitted Receipts	Nil	3,60,000	3,60,000
Less: Permitted Payments	Nil	3,32,793	3,32,793
Less: Cash Deposited in Bank	5,83,000	Nil	5,83,000
Closing Cash Balance in hand as on 30.12.2016	Nil	35,604	35,604

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

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

I. Registration Details:

Rs. (in Lakhs)

Registration No.	22819	State Code	08
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II. Capital raised during the year:

Particulars	Current Year	Previous Year
Public Issue	Nil	Nil
Right Issue	Nil	Nil
Bonus Issue	Nil	Nil
Private Placement	Nil	Nil

III. Position of mobilization and deployment of funds:

Total Liabilities	3633.98	3757.81
Total Assets	3633.98	3757.81

Sources of Funds:

Paid Up Capital	1.30	1.30
Reserves & Surpluses	3615.31	3590.60
Share Application Money	Nil	Nil
Net Deferred Tax Liability	4.35	2.79
Non Current Liabilities	0.50	Nil
Current Liabilities	12.50	163.10

Application Of Funds:

Net Fixed Assets	1822.30	500.06
Net Deferred Tax Asset	Nil	Nil
Non Current Investments	Nil	Nil
Other Non Current Assets	17.96	17.03
Current assets	1793.72	3240.71

IV. Performance of the Company:

Total Turnover & Income	149.08	59.87
Total Expenditure	115.44	44.26
Exceptional Items	0.01	Nil
Profit Before Tax	33.62	15.60
Profit After Tax	23.79	8.15
Earning Per Share [Basic & Diluted] ₹	183.06	62.75
Dividend- Interim/Proposed Per Share	Nil	Nil

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

Product Description	Item Code (ITC Code)
Mining Exploration	980100.45

For and on behalf of the Board

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 : Bengaluru
Date : April 29, 2017

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Cash Flow For The Year Ended On 31st March, 2017

₹ in Lakhs

Particulars	Current Year		Previous Year	
Cash Flow From Operating Activities:				
Net Profit Before Tax & Extraordinary items Adjustments For :		33.62		15.61
Depreciation	17.74		6.89	
Misllaneous Expenditure Written off	-		-	
Provision For Gratuity & Earned Leave Payable	0.51		-	
Profit/Loss on Sale of Investments	-		-	
Profit/Loss on Sale of Assets	-		-	
Investments Written Off	-		-	
Interest,Dividends Etc	(149.08)		(55.20)	
Finance Cost	0.88	(129.95)	11.40	(36.91)
Operating Profit Before Working Capital Changes Adjustments for :		(96.33)		(21.30)
Trade Receivables	-		411.53	
Inventories	-		-	
Other Receivables	(182.95)		(39.19)	
Other Current Assets	(3.08)		(0.05)	
Trade Payables & Current Liabilities	(155.72)	(341.76)	52.69	424.98
Cash Generated From Operations		(438.09)		403.67
Finance Cost	(0.88)		(11.40)	
Direct Taxes Paid	(3.15)		-	
Dividend Paid	-	(4.03)	-	(11.40)
Cash flow before extra ordinary items Sales Assets		(442.12)		392.27
Net Prior Period Expenses				
Net Cash Flow From Operating Activities		(442.12)		392.27
Cash Flow from Investing Activities				
Purchase of Fixed Assets	(1,339.97)		(503.24)	
Purchase of Investments	-		-	
Sale of Assets	-		-	
Increase In Preliminary Expenses	0.91		0.91	
Interest Received	149.08		55.20	
Dividend Received	-	(1,189.98)	-	(447.13)
Net Cash used in investing activities		(1,632.10)		(54.86)
Cash Flow from Financing Activities				
Other Non-Current Assets	5.99		(4.11)	
Long Term Loans & Advances	(6.92)		(7.25)	
Proceeds from issue of Capital	-		3,240.82	
Proceeds from issue of Share Application Money	-		(57.01)	
Proceeds from Long Term Borrowings	-		-	
Repayment of Finance Lease Liabiliteis	-		-	
Work in Capital Loan	-		-	
Investment Subsidy	-	(0.93)	-	3,172.45
Net Cash Used in Financing Activities		(1,633.03)		3,117.59
Net Increase/Decrease in Cash & Cash Equivalents				
Opening Balance of Cash & Cash Equivalents		3,195.14		77.55
Closing Balance of Cash & Cash Equivalents		1,562.11		3,195.14

We have verified the Cash Flow Statement of Deccan Exploration Services Private Limited derived from the Audited Statements and the Books and Records maintained by the company for the year ended on 31st March,2017 and found the same in agreement therewith.

For and on behalf of the Board

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 : Bengaluru
Date : April 29, 2017