

DECCAN EXPLORATION SERVICES PRIVATE LIMITED**DIRECTOR'S REPORT**

To the Members,
Deccan Exploration Services Private Limited
Bengaluru.

Your Directors have pleasure in submitting their 22nd Annual Report of the Company together with the Audited Statements of Accounts for the year ended March 31, 2019.

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	1,589	7,762
Total Expenses	6,540	13,768
Profit or Loss before Exceptional and Extraordinary items and Tax	(4,951)	(6,006)
Less: Exceptional Items	-	-
Less: Extraordinary Items	-	-
Profit or Loss before Tax	(4,951)	(6,006)
Less: Current Tax	-	-
Deferred Tax	(207)	(229)
Profit or Loss After Tax	(4,744)	(5,777)
Other Comprehensive Income	81	2
Balance Transferred to Balance Sheet	(4663)	(5775)

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:**Ganajur Gold Project awaiting issue of Grant Notification Letter from Government of Karnataka:**

Since no positive action was forthcoming from the Government of Karnataka despite the approvals granted by the Central Government and positive opinions furnished by the IBM as well as Law Department, Government of Karnataka, the Company filed a Writ of Mandamus during December, 2018 before the Hon'ble High Court of Karnataka seeking a positive direction to them to issue the Grant Notification Letter and subsequently execute the Mining Lease for the Ganajur Gold Project.

The Hon'ble High Court of Karnataka vide its Order dated March 21, 2019 favourably disposed the Writ Petition with a direction to the Respondents viz., C & I and DMG to consider DESPL's representation dated July 16, 2018 (seeking issue of Grant Notification Letter for the Ganajur Gold Project) within an outer limit of 6 weeks from the date of receipt of the Order.

A certified copy of the Court Order was received on April 15, 2019. As per the directions of the Hon'ble Court, we made a written representation dated May 3, 2019 and a reminder on June 3, 2019 to the C & I attaching a Certified Copy of the Court Order and our earlier representation dated July 16, 2018 seeking positive action in the matter

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within the 6 weeks time frame stipulated by the Hon'ble Court.

Post this, the Company Management had met the Secretary, C & I several times seeking early action in the matter in the light of Court Order.

Since no positive action was forthcoming from the Government of Karnataka even after the expiry of the six week period, the Company had lodged a Contempt Petition against the Secretary, Commerce & Industries Department, Government of Karnataka on July 18, 2019 as advised by our Legal Counsel. The matter was posted before the Hon'ble High Court on July 23, 2019. After advising to settle certain office objections (procedural in nature), the Court directed that notice returnable in 2 weeks' be issued to the Secretary, C & I. Our Lawyers have advised that all office objections have been settled and notice has been served on the Secretary, C & I.

Hutti Block Prospecting Licence (PL) applications – Judgment of the Hon'ble Supreme Court and recent developments:

It may be noted that the Hon'ble Supreme Court vide its Judgment dated May 8, 2018 had set aside the Order passed by the Karnataka High Court dated April 3, 2012 and allowed the Company's Civil Appeal.

The Hon'ble Supreme Court had held that:

- (1) The Karnataka High Court had erred in allowing the Writ Petition of Hutti Gold Mines Limited (HGML), a PSU owned by the Government of Karnataka. This Writ Petition was filed by HGML against the Order dated May 31, 2011 passed by the Central Government.
- (2) The Central Government Order dated May 31, 2011 is valid. This Order had rejected the proposal of the Government of Karnataka for reservation of the Hutti Block areas in favour of HGML by overlooking the Prospecting Licence (PL) applications of DESPL.
- (3) The State of Karnataka is directed to consider the case of DESPL for grant of PL in accordance with the provisions of MMDR, 1957 as they now stand amended in the year 2015.

Post this, the Company management met the Director, Department of Mines & Geology (DMG) on several occasions and also submitted written requests on May 29, 2018 & August 31, 2018 seeking speedy processing of the Hutti Block PL applications.

The DMG is now processing the PL application in terms of its internal checklist / SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to PL.

Since the pace of processing was slow, DESPL had filed an Interim Application before the Hon'ble Supreme seeking directions to the DMG and C & I, Government of Karnataka to process the Hutti Belt PL applications in an expeditious and time bound manner and in any case, not later than two months.

The matter came up for hearing on April 26, 2019 and the Hon'ble High Court took cognisance of the purpose of filing the Interim Application and directed issue of notice (returnable in six weeks' time) to the Respondents viz., Government of Karnataka. After receipt of spare copies of documents from our Advocate on Record during July, 2019 (when the Court reopened after vacation), the Hon'ble Court listed the matter for hearing on November 13, 2019.

Our Lawyers have now advised us that notices have been dispatched to the Government of Karnataka and upon completion of service of notice, they will approach the Hon'ble Court seeking an earlier hearing in the matter.

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.

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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 of Rs 16,89,045 was incurred 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.

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

Details are furnished in Note No. 24 to the financial statements of the Company

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, 2018; August 14, 2018; November 2, 2018; and March 25, 2019.

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;

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- (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.

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

Mr S.C.R. Peshwa, Director retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for reappointment.

Further, the parent Company has nominated Mr Natesan Chinnapan as a Director on the Board of the Company and accordingly, Mr Natesan was appointed as an Additional Director on June 3, 2019.

Necessary resolutions Mr S.C.R. Peshwa and Mr Natesan Chinnapan as 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.

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25. 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.

26. ACKNOWLEDGEMENT

Your Directors acknowledge 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 8, 2019

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 31.03.2019

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	PRIVATE LIMITED / 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-2018]"				"No. of Shares held at the end of the year [As on 31-March-2019]"				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
c) Bodies Corp.	-	13,554	13,554	99.99%		13,554	13,554	99.99%	Nil
Sub Total (A) (2)	-	13,554	13,554	99.99%		13,554	13,554	99.99%	Nil
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%	Nil
c) Others (NRI)		0	0	0.00%		0	0	0.00%	Nil
Sub-total (B)(2):-	-	-	-	0.00%	-	-	-	0.00%	-
C. Shares held by Custodian for GDRs & ADRs		NIL	-						
Grand Total (A+B+C)	-	13,555	13,555	100.00%	-	13,555	13,555	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	13,554	99.99%	0	13,554	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	13,554	99.99%	13,554	99.99%
	Changes during the year	-	-	-	-
	At the end of the year	13,554	99.99%	13,554	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 Rs.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 8, 2019

S.C.R. Peshwa
Director

K. Karunakaran
Director

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INDEPENDENT AUDITOR'S REPORT

TO
THE MEMBERS OF
DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Opinion

We have audited the financial statements of Deccan Exploration Services Private Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, the statement of Profit and Loss, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act 2013 ('The Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards (IND-AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

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with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Matters:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) 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.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards

(IND-AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's 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 disclosed the impact of pending litigations on its financial position in its financial statements
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **RAO & VENKATESULU**
Chartered Accountants

CA C. VENKATESULU
Partner
M No-019659
FR No. 003108S

Place : Bengaluru
Date : April 30, 2019

Annexure “A” to the Auditor’s Report even date

(Referred in Audit report)

1. In respect of Fixed Assets:
 - a) The Company has maintained proper records showing full quantitative details and situation of its fixed assets.
 - b) The fixed assets have been physically verified by the management at reasonable intervals during the year. We are informed that no material discrepancies were noticed by the management on such verification.
 - c) The Company does not have any immovable properties.
2. Based on our scrutiny of the company’s books of accounts and other records and according to the information and explanations given to us, we are of the opinion that the company has neither purchased/sold goods during the year nor is there any opening stocks, therefore, requirement on reporting on physical verification of stocks or maintenance of inventory records, in our opinion, does not arise.
3. The Company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. The Company has not made any investment, granted any loans, provided any guarantees or security during the year, therefore comments under this clause has not been called for.
5. According to the information and explanations given to us, the Company has not accepted any deposits from public.
6. As informed to us, the Central Government has not prescribed the maintenance of Cost records under section 148 of the Companies Act, 2013 for any of the activities of the company.
7. In respect of Statutory Dues:
 - (a) According to record of the Company produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees’ state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it.
 - (b) According to the information and explanations given, no undisputed amounts payable in respect of Income-Tax, sales tax, wealth tax, service tax, customs duty, excise duty/cess were outstanding as at 31.03.2019 for a period of more than six months from the date they became payable except professional tax of Rs.32,800/-.
 - (c) According to the records of the company there are no dues of Income-Tax, sales tax, wealth tax, service tax, customs duty, excise duty/cess which have not been deposited on account of any dispute
8. As per the information and explanations given to us the company has not obtained any loan from any financial institutions or banks and issued debentures.
9. According to the records of the Company, the Company has not raised any money raised by way of right issue.
10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
11. According to the records of the Company, the Company has not paid any managerial remuneration during the year.
12. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not a Nidhi Company. Hence, in our opinion, the requirements of para3 (xii) of the Order do not apply to the company.
13. According to the information and explanations given to us, the Company in respect to transactions with related parties has complied provisions of sections 177 and 188 of Companies Act, 2013 and has disclosed all particulars in Financial Statements.

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- 14 The company has not made any preferential allotment or private placement of shares, therefore comments under this clause are not called for
- 15 In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company has not entered into any non-cash transaction with directors or persons connected with him and no provisions of section 192 have been contravened.
- 16 In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not required to be registered under section 45-IA of the Reserve Bank of India Act,1934.

For **RAO & VENKATESULU**
Chartered Accountants

CA C. VENKATESULU
Partner
M No-019659
FR No. 003108S

Place : Bengaluru
Date : April 30, 2019

Annexure “B”

Independent Auditor’s report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. In conjunction with our audit of the standalone financial statements of **Deccan Exploration Services Private Limited** (“the Company”) as of and for the year ended 31st March, 2019, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

Management’s Responsibility for Internal Financial Controls

2. The Company’s Board of Directors is responsible for establishing and maintaining internal financial controls based on the criteria being specified by management. 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 the company’s 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 Act.

Auditors’ Responsibility

3. Our responsibility is to express an opinion on the Company’s IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI. Those 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company’s IFCoFR 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 IFCoFR 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the criteria being specified by management.

For **RAO & VENKATESULU**
Chartered Accountants

CA C. VENKATESULU
Partner
M No-019659
FR No. 003108S

Place : Bengaluru
Date : April 30, 2019

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2019

(Amount in '000)

Particulars	Note No.	31st March, 2019	31st March, 2018
ASSETS			
Non-current assets			
a) Property, Plant & Equipment	2	1,910	2,546
b) Capital work-in-progress	2	3,16,243	2,94,605
c) Intangible Assets	2	1,137	2,947
d) Intangible Assets under development	2	9,976	9,976
e) Financial Assets			
(i) Loans	3	892	1,017
f) Other Non-current Assets	4	68,204	-
		3,98,361	3,11,091
Current assets			
a) Financial Assets			
(i) Trade receivables	5	156	156
(ii) Cash and cash equivalents	6	14,836	1,08,857
b) Current Tax Assets	7	1,010	1,517
c) Other current assets	8	27,448	26,003
		43,450	1,36,533
TOTAL ASSETS		4,41,811	4,47,624
EQUITY AND LIABILITIES			
Equity			
a) Share Capital	9	136	136
b) Other Equity	10	4,40,453	4,45,116
		4,40,589	4,45,252
LIABILITIES			
1) Non-current liabilities			
a) Provisions	11	95	107
b) Deffered Tax Liability	12	-	207
		95	314
2) Current liabilities			
a) Financial Liabilities			
(i) Trade payables	13	896	1,486
b) Other Current Liabilities	14	231	571
c) Provisions	15	1	1
		1,127	2,059
TOTAL EQUITY AND LIABILITIES		4,41,811	4,47,624

Notes are integral part of the balance sheet & profit & loss account

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

CA C. VENKATESULU
Partner

Membership No. : 019659

FRN: 003108S

Place : Bengaluru
Date : April 30, 2019

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2019

(Amount in '000)

Particulars	Note No	For the year ended 31.3.2019	For the year ended 31.3.2018
INCOME :			
Other income	16	1,589	7,762
Total Revenue		1,589	7,762
EXPENDITURE :			
Employee benefits expenses	17	1,854	5,295
Finance Costs	18	19	8
Depreciation and amortization expenses	19	2,501	2,008
Other expenses	20	2,166	6,457
Total Expenditures		6,540	13,768
Profit before exceptional and extraordinary items and tax		(4,951)	(6,006)
Extraordinary Items :			
Prior year adjustments		-	-
Profit before tax		(4,951)	(6,006)
Tax expenses :			
Current tax		-	
Deferred tax	21	(207)	(229)
Profit (Loss) for the period from continuing operations		(4,744)	(5,777)
Profit/(Loss) from discontinuing operations		-	-
Tax expenses of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
Profit (Loss) for the year		(4,744)	(5,777)
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss			
Defined benefit plan actuarial gains(losses)		81	2
Total Comprehensive Income of the year		(4663)	(5775)
Earnings per equity share: Basic & Diluted (in ₹)			
Basic		(344.01)	(426.03)
Diluted		(344.01)	(426.03)

Notes are integral part of the balance sheet & profit & loss account 1

For and on behalf of the Board

For **Rao & Venkatesulu**
Chartered Accountants**S.C.R PESHWA**
Director**K.KARUNAKARAN**
Director**CA C. VENKATESULU**
Partner
Membership No. : 019659Place : Bengaluru
Date : April 30, 2019

FRN: 003108S

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in '000)

PARTICULARS	31st March, 2019	31st March, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax and after Extraordinary items	(4,951)	(6,006)
Adjustment For :		
Depreciation	2,501	2,008
Provision for Gratuity	69	0
Interest & Finance charges	19	8
Interest received	(1,589)	(7,762)
Operative Profit before Working Capital Changes	(3,951)	(11,752)
Adjustment For :		
Other Receivables, Loans & Advances	-	-
Other Current Assets	(1,445)	(3,806)
Trade & Other payable	(930)	1,690
Cash Generation from Operations	(6,326)	(13,868)
Direct Taxes	507	(757)
Net Cash Flow from operating activities	(5,819)	(14,625)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Advances	(21,693)	(40,484)
Capital Advances Given	(68,204)	0
Loan Repayment Received	125	0
Interest Received	1,589	7,762
Net Cash used in investing activities	(88,183)	(32,722)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Finance charges & Others	(19)	(8)
Provisions for Bonus		
	(19)	(8)
D. Net Cash used in financing activities		
Net Change In Cash And Cash Equilants (A+B+C)	(94,021)	(47,355)
Cash and Cash Equivalents (Opening)	1,08,857	1,56,211
Cash and Cash Equivalents (Closing)	14,836	1,08,857

Notes : 1. Figures in brackets represents cash outflows.

2. Previous year figures have been regrouped wherever necessary.

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

CA C. VENKATESULU
Partner

Membership No. : 019659

Place : Bengaluru
Date : April 30, 2019

FRN: 003108S

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. Equity share capital

(₹ in '000)

	Number	Amount
Balance as at 1 April 2017	13555	136
Changes in equity share capital during 2017-18	-	-
Balance as at 31 March 2018	13555	136
Balance as at 1 April 2018	13555	136
Changes in equity share capital during 2018-19	-	-
Balance as at 31 March 2019	13,555	136

B. Other equity

(₹ in '000)

	Reserves and surplus		
	Securities premium	Retained earnings	Total other Equity
Balance as at 1 April 2017	3,54,052	9,563	3,63,615
Employee share-based compensation	-	-	-
Transactions with owners	-	-	-
Profit/(Loss) for the year	-	(5,777)	(5,777)
On allotment of Shares	87,279	-	87,279
Other comprehensive income	-	2	2
Total comprehensive income for the year	-	(5,775)	(5,775)
Balance as at 31 March 2018	4,41,331	3,785	4,45,116
Balance as at 1 April 2018	4,41,331	3,785	4,45,116
Dividends	-	-	-
Issue of share capital on exercise of employee share option	-	-	-
On allotment of Shares	-	-	-
Profit/(Loss) for the year	-	(4,744)	(4,744)
Other comprehensive income	-	81	81
Total comprehensive income for the year	-	(4,663)	(4,663)
Balance as at 31 March 2019	4,41,331	(878)	4,40,453

For and on behalf of the Board

For **Rao & Venkatesulu**
Chartered Accountants

S.C.R PESHWA
Director

K.KARUNAKARAN
Director

CA C. VENKATESULU
Partner
Membership No. : 019659

Place : Bengaluru
Date : April 30, 2019

FRN: 003108S

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note – 1: SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2019

A. Basis of preparation of financial Statements

The standalone Ind AS financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, the provision of the Companies Act, 2013 (to the extent notified) and guideline issued by Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment rules, 2016.

The Company has adopted all the Ind AS in Financial Year 2017-18 and the adoption was carried out in accordance with Ind AS 101 first time adoption of Indian Accounting Standards generally accepted in India as prescribed under section 133 of the Act read with rule 7 of Companies (Accounts) Rules, 2016 which was the previous GAAP.

The accounting policies adopted in the preparation of standalone Ind AS financial statement are consistent with those of previous year.

B. Use Of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions effect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditure during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding these estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

C. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Income from sale of metals obtained on exploration are recognized on despatch.
- ii. Exploration Consultancy Income is recognized when services are rendered and as per agreed terms.
- iii. Interest Income is recognized on accrual basis.
- iv. Dividend Income is accounted on accrual basis when the right to receive the dividend is established.
- v. All other income are accounted on accrual basis.

D. Property, plant and equipment:

Fixed assets are stated at cost of acquisition less accumulated depreciation if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready to use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Vehicles	8 Years
Computers	3 Years
Furniture	10 Years
Office Equipment	10 Years
Plant & Machinery	10 Years
Software	3 Years

Depreciation will be provided on estimated useful lives and residual value are reviewed periodically, including at each financial year end.

Mining Development Expenditure will be amortized or depreciated on the basis of the quantity of ore mined in proportion to the total estimated reserve.

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use the assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work – in - progress' .Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably .Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred .The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

E. Exploration and Evaluation Assets

Exploration and evaluation assets comprise capitalized costs which are attributable to the search for gold and related resources, pending the determination of technical feasibility and the assessment of commercial viability of an identified resource which comprises inter alia the following:

- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geo chemical and geo physical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements;
- Conducting market and finance studies.

The above includes employee costs, cost of materials, and fuel used, other direct costs, payments to contractors etc. As the intangible component represents an insignificant/indistinguishable portion of the overall expected tangible costs to be incurred and recouped from future exploitation, these costs along with other capitalized exploration costs are recorded as exploration and evaluation asset.

Exploration and evaluation costs are capitalized on a project by project basis pending determination of technical feasibility and commercial viability of the project and disclosed as a separate line item under non-current assets. They are subsequently measured at cost less accumulated impairment/provision. Once proved reserves are determined, exploration and evaluation assets are transferred to "Development" under capital work in progress. However, if proved reserves are not determined, the exploration and evaluation asset is derecognized.

F. Development Expenditure

When the Technical and Commercial Feasibility are obtained and the legal rights to explore the mine are obtained the cost so incurred and capitalized as exploration and evaluation cost is recognized as assets under construction and disclosed as a component of capital work in progress under the head "Development".

G. Intangible assets:

Intangible assets are stated at cost less accumulated amortization and impairment .Intangible assets are amortized over the respective individual estimated useful lives on a straight – line basis ,from the date that they are available for use .The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence ,demand ,competition ,and other economic factors (such as the stability of the industry ,and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

H. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account as and when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

I. Employee Benefits

- a. Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b. Post-employment benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The defined benefit obligation is provided for on the basis of an actuarial valuation on projected unit cost method.

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

- c. Long Term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The liabilities on account of Gratuity have been provided on basis of an actuarial valuation.

J. Taxation

- a. Provision for current tax is made with reference to taxable income computed for the accounting period, for which the financial statements are prepared by applying the tax rates as applicable.
- b. The company is incurring losses and the mining operations have not yet commenced pending the Licenses from the Government. In absence of virtual certainty of sufficient future taxable income, the deferred tax asset has not been recognised by way of prudence in accordance with the Indian Accounting Standard 12 "Income Taxes" issued by the Institute of Chartered Accountants of India.

K. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

L. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes to the accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

M. Segmental Reporting

The Company is mainly engaged in the business of mining and exploration of gold. Considering the nature of business and financial reporting of the Company, the Company has only one segment at present viz., Gold Mining and Exploration as reportable segment.

N. Foreign Currency

Functional Currency

The functional currency of the company is the Indian Rupee. The financial statements are presented in Indian Rupees(Rounded off to Thousands).

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cashflow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

NOTE – 2: PROPERTY, PLANT AND EQUIPMENT

Details of the property, plant and equipment & Intangible Assets their carrying amounts are as follows: (Rs. in '000)

Particulars	Furniture & Fixtures	Vehicles	Office Equipment	Computer	TOTAL
Gross carrying amount					
Balance as at 1 April 2018	305	3,171	167	1,454	5,097
Additions	37	-	18	-	55
Acquisition through business combination	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation increase	-	-	-	-	-
Net exchange differences	-	-	-	-	-
Balance as at 31 March 2019	342	3,171	185	1,454	5,152
Depreciation and impairment					
Balance as at 1 April 2018	61	1,426	76	988	2,551
Disposal	-	-	-	-	-
Net exchange differences	-	-	-	-	-
Depreciation	32	286	37	337	691
Balance as at 31 March 2019	93	1,712	113	1,325	3,242
Carrying amount as at 31 March 2019	249	1,459	72	129	1,910

Particulars	Furniture & Fixtures	Vehicles	Office Equipment	Computer	TOTAL
Gross carrying amount					
Balance as at 1 April 2017	293	3,171	167	1,326	4,957
Additions	12	-	-	128	140
Acquisition through business combination	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-
Net exchange differences	-	-	-	-	-
Balance as at 31 March 2018	305	3,171	167	1,454	5,097
Depreciation and impairment					
Balance as at 1 April 2017	32	1,140	44	562	1,778
Net exchange differences	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-
Depreciation	29	286	32	426	773
Balance as at 31 March 2018	61	1,426	76	988	2,551
Carrying amount as at 31 March 2018	244	1,745	91	466	2,546

CAPITAL WORK IN PROGRESS

Particulars	Amount
Development of Gold Mining Assets	
Opening Balance as on 01/04/2018	2,94,605
Expenditure during the year	21,638
Less: Adjustment during the year	-
Closing balance as on 31/03/2019	3,16,243

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

Particulars	Amount
Development of Gold Mining Assets	
Opening Balance as on 01/04/2017	2,56,011
Expenditure during the year	38,594
Less: Adjustment during the year	-
Closing balance as on 31/03/2018	2,94,605

INTANGIBLE ASSETS

Particulars	Useful Life (No. Of Years)	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 01-04-2018	Additions	Deduction	Balance as at 31/03/2019	Up to 01/04/2018	For the year	Deduction	Up to 01/04/2019	Balance as at 31/03/2019	Balance as at 31/03/2018
Software	3	5,434	-	-	5,434	2,487	1,810	-	4,297	1,137	2,947
Total		5,434	-	-	5,434	2,487	1,810	-	4,297	1,137	2,947

Particulars	Useful Life (No. Of Years)	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 01-04-2017	Additions	Deduction	Balance as at 31/03/2018	Up to 01/04/2017	For the year	Deduction	Up to 01/04/2018	Balance as at 31/03/2018	Balance as at 31/03/2017
Software	3	3,684	1,750	-	5,434	1,252	1,235	-	2,487	2,947	2,432
Total		3,684	1,750	-	5,434	1,252	1,235	-	2,487	2,947	2,432

Intangible Assets under Development

Particulars	Amount
Opening Balance as on 01/04/2018	9,976
Expenditure during the year	-
Less: Sale Proceeds	-
Closing balance as on 31/03/2019	9,976

Particulars	Amount
Opening Balance as on 01/04/2017	9,976
Expenditure during the year	-
Less: Sale Proceeds	-
Closing balance as on 31/03/2018	9,976

PARTICULARS	AS AT 31.3.2019	AS AT 31.3.2018
Note - 3: Loans		
Security Deposits		
Unsecured, considered good	892	1,017
Total	892	1,017

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

	AS AT 31.3.2019	AS AT 31.3.2018
Note - 4 : Other Non-Current Assets		
Capital Advances	68,204	-
Total	68,204	-

Note - 5: Trade Receivables

Unsecured, Considered Good	156	156
Total	156	156

Note - 6: Cash and cash equivalents**Balances with banks**

a. Balance with Banks	4,623	4,572
b. Bank deposits with not more than 12 months maturity	10,161	1,04,280
c. Cheques, drafts on hand cash on hand	52	5
d. Others	-	-
Total	14,836	1,08,857

Note - 7: Current Tax Assets

Income Tax	1,010	1,517
Total	1,010	1,517

Note - 8 : Other current assets

Advances other than Capital Advances	301	371
Advances with Revenue Authorities	27,062	25,357
Others	85	275
Total	27,448	26,003

Note - 9: Share Capital

A. Authorised Share Capital	Equity Share		Preference Shares	
	Number	Amount ('000)	Number	Amount ('000)
Beginning of the year at 1 April 2017	20,000	200	3,50,000	35,000
Increase/(decrease) during the year	-	-	-	-
Total shares authorised as at 31 March 2018	20,000	200	3,50,000	35,000
Total shares authorised as at 1 April 2018	20,000	200	3,50,000	35,000
Increase/(decrease) during the year	-	-	-	-
Total authorised share capital as at 31 March 2019	20,000	200	3,50,000	35,000

Terms/rights attached to equity shares

The company has only one class of equity shares having face value of INR 10 per share.

Terms/rights attached to equity shares

The company has only one class of 1% Redeemable preference share of Rs. 100/- each

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Rs. In '000)

B. Issued, Subscribed & fully Paid Up

	Equity Share		Preference Shares	
	Number	Amount	Number	Amount
Balance as at 1 April 2017	13,000	130	-	-
Changes during the period	555	6	-	-
Balance as at 31 March 2018	13,555	136	-	-
Balance as at 1 April 2018	13,555	136	-	-
Changes during the period	-	-	-	-
Shares issued and fully paid as at 31 March 2019	13,555	136	-	-

C. Reconciliation of Number of Shares:

Particulars	As at 31.03.2019	As at 31.03.2018
Equity Share Capital		
Balance at the beginning	13,555	13,000
Add: Number of Shares Allotted	-	555
Balance at the end of the year	13,555	13,555
0.0001% Preference Shares		
Balance at the beginning	-	-
Add: Number of Shares Allotted	-	-
Less: Number of Shares Redeemed	-	-
Balance at the end of the year	-	-

D. Number of Shares issued for consideration other than for cash:

Particulars	As at 31.03.2019	As at 31.03.2018
Equity Shares of Rs. 10/- Each	-	555

* Refer Note 15 of Notes to Financial Statement

E. Shares held by holding/ultimate holding company including shares held by subsidiaries or associates of the holding company/ultimate holding company

Particulars	As at 31.03.2019	As at 31.03.2018
Deccan Gold Mines Limited	13,555	13,555

F. Details of shareholders holding more than 5% shares in the company

Name of the shareholder	31st March, 2019		31st March, 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Deccan Gold Mines Limited	13,555	100.00%	13,555	100.00%

Disclosure pursuant to Part I of Schedule III to the Companies Act, 2013

Particulars
Equity Shares :
Fully paid up pursuant to contract(s) without payment being received in cash
Fully paid up by way of bonus shares
Shares bought back

ANNUAL REPORT 2019

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Rs. In '000)

PARTICULARS	AS AT 31.3.2019	AS AT 31.3.2018
Note - 10: Other Equity		
Share Premium	4,41,331	4,41,331
Profit & Loss Account	(878)	3,785
Other Reserves	-	-
Total	4,40,453	4,45,116

PARTICULARS	AS AT 31.3.2019	AS AT 31.3.2018
Share Premium :		
Opening Balance	4,41,331	3,54,052
Premium during the year	-	87,279
Closing Balance	4,41,331	4,41,331
Profit & Loss Account :		
Opening Balance	3,785	9,561
Profit during the year	(4,744)	(5,777)
Defined benefit plan actuarial gains(losses)	81	2
Closing Balance	(878)	3,785

Note - 11: Provisions

Provision for Employee Benefits

Gratuity	95	107
Total	95	107

Note - 12: Deferred tax Liability (Net)

Deferred tax liability	AS AT 31.3.2019	AS AT 31.3.2018
Net Block as per Companies Act	3,047	5,493
Net Block as per Income Tax Act	3,349	4,588
Difference	302	(905)
Deferred tax liability (A)	(79)	235
Deferred tax assets		
Disallowances u/s 40(a) & 43(b)	96	108
Deferred tax assets (B)	25	28
Net Deferred Tax (Liability) (Closing)	-	207

Note: Deferred tax asset (net) is not recognised.

Note - 13: Trade payables

Unsecured:

Micro, Small and Medium Enterprises	-	-
Due to Holding Company	-	-
Due to Others	896	1,486
Total	896	1,486

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Rs. In '000)

PARTICULARS	AS AT 31.3.2019	AS AT 31.3.2018
Note - 14: Other Current Liabilities		
Statutory Dues	231	571
Advance from Holding Company	-	-
Total	231	571

Note - 15: Provisions

Provision for Employee Benefits - Gratuity	1	1
Total	1	1

Note - 16: Other income

Interest Income	1,589	7,762
Total	1,589	7,762

Note - 17: Employee benefit expenses

Salaries & Wages	1,569	5,072
Gratuity	69	59
Staff Welfare Expenses	215	164
Total	1,854	5,295

Note - 18: Finance costs

Bank Charges	19	8
Interest	-	-
Total	19	8

Note - 19: Depreciation & Amortization Expenses

Depreciation on Tangible Assets	691	773
Depreciation on Intangible Assets	1,810	1,235
Total	2,501	2,008

Note - 20: Other expenses

Repairs & Maintenance	38	48
Office Maintainance	214	100
Communications Expenses	111	154
Miscellaneous Expenses	213	199
Insurance Charges	63	78
Electricity Charges	186	192
Membership & Subscription	82	454
Rates and Taxes	90	693
Travelling Expenses	52	267
Professional Fees	114	3,241
Rent	835	779
Staff Recruitement Charges	90	45
Motor Car Expenses	45	172
Auditor's remuneration	35	35
Total	2,166	6,457

PARTICULARS	AS AT 31.3.2019	AS AT 31.3.2018
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Note - 21: Deferred Tax

Net Deferred Tax Liability (Closing)		207
Less: Net Deferred Tax Liability (Opening)	(207)	436
Deferred Tax Provided(+)/Withdrawn(-) in the year	(207)	(229)

**Note - 22: As per Indian Accounting Standard 19 "Employee benefits", the disclosures as defined are given below:
Defined Benefit Plan:****Gratuity**

1) Reconciliation of opening and closing balances of Defined Benefit Obligation

Particulars	Gratuity Funded	
	2018-19	2017-18
Defined Benefit Obligation at the beginning of the year	108	51
Current Service Cost	61	48
Interest Cost	8	4
Past Service Cost	-	7
Actuarial (Gain)/Loss	(81)	(2)
Defined Benefit Obligation at the end of the year	96	108

2) Reconciliation of opening and closing balances of fair value of Plan Assets

Particulars	Gratuity Funded	
	2018-19	2017-18
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return of Plan Assets	-	-
Actuarial (Gain)/Loss	-	-
Employer Contribution	-	-
Benefits Paid	-	-
Fair Value of Plan Assets at the end of the year	-	-
Actual Return of Plan Assets	-	-

3) Reconciliation of fair value of Assets & Obligations

Particulars	Gratuity Funded	
	2018-19	2017-18
Fair Value of Plan Assets	-	-
Present Value Obligation	96	108
Amount Recognised in Balance Sheet (Surplus/Deficit)	96	108

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

4) Expenses recognised during the year

Particulars	Gratuity Funded	
	2018-19	2017-18
In Income Statement	-	-
Current Service Cost	61	48
Interest Cost	8	4
Return on Plan Assets	-	-
Past Service Cost	-	7
Net Cost	69	59
In Other Comprehensive Income	-	-
Actuarial (Gain)/Loss	(81)	(2)
Net(Income)/Expense for the period Recognised in OCI	(12)	57

5) Actuarial Assumptions

Particulars	Gratuity Funded	
	2018-19	2017-18
Discount Rate(per annum)	7.35%	7.60%
Rate of Escalation in Salary(per annum)	6.00%	6.00%

6) Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given:

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/-0.5%)	100	93	114	102
Change in rate of Salary increase (delta effect of +/-0.5%)	93	100	103	113

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

- Investment risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
- Interest risk:** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.
- Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- Salary risk:** The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

Note – 23: Foreign Exchange Earnings and Expenditure

Earnings

Sl. No.	Particulars	For the year ended	
		31st March, 2019	31st March 2018
1	Exports	-	-

Expenditure

Sl. No.	Particulars	For the year ended	
		31st March, 2019	31st March, 2018
1	Import of Materials	-	-
2	Professional Fees	1,689	12,597
3	Analysis Charges	-	-
4	Travelling & Other Expense	-	35
	Total	1,689	12,632

Note – 24: Related Party Disclosure

Sl. No.	Name of Related Party	Relationship
1	Deccan Gold Mines Limited	Holding Company
2	Mr. S.C.R. Peshwa	Key Managerial Person
3	Mr. Karunakaran	Key Managerial Person
4	Mr. K.R. Krishnamurthy	Key Managerial Person

Transactions with Related Parties

Particulars	For the year ended	
	31st March, 2019	31st March, 2018
Allotment of Shares(See Note No.27)	-	87,285
Repayment of advances received from holding Company	-	-
Reimbursement of Exploration Expenses given to Holding Company (Excluding Taxes)	6,282	8,214
Travelling & Other Expense	-	35
Total	6,282	12,632

Note – 25: Contingent Liabilities Not Provided For

Particulars	For the year ended	
	31st March, 2019	31st March 2018
Contingent Liabilities Not Provided For	Nil	Nil

DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

Note – 26: Earning Per Share

Particulars		For the year ended	
		31st March, 2019	31st March, 2018
a)	No of Shares at the beginning of the year	13,555	13,000
b)	No of Shares at the end of the year	13,555	13,555
c)	Weighted average number of Equity Shares outstanding during the year	13,555	13,002
	EPS		
a)	Net Profit available for Equity Shareholders (Rs. in crores)	(4,663)	(5,775)
b)	Basic Earning Per Share (in Rs.)	(344.01)	(444.16)
c)	Diluted Earning Per Share (in Rs.)	(344.01)	(444.16)

Note – 27: Note on Further Issue of Equity Shares in F.Y.2017-18

During the Financial Year Deccan Exploration Services Pvt. Ltd. Issued equity shares to the 100% holding company viz. Deccan Gold Mines Limited on account of PAYABLES due to Deccan Gold Mines Limited that have arisen on account of Ind-As compliance requirements.

The said allotment was made for 555 shares having Nominal Value of ₹10/- and issued at a premium of ₹1,57,260/-. The date of allotment was 31st March, 2018.

Name of allottee	No. of Equity Shares allotted	Nominal Value	Premium Amount	Total Amount	Share as on 1st April, 2017	Shares as on 31st March, 2018
Deccan Gold Mines Limited	555	10	1,57,260	8,72,84,850	13,000	13,555

Note - 28 : Auditors Remuneration

Particulars	31st March, 2019	31st March, 2018
Auditor's Remuneration		
For Audit	35	35
For Taxation	-	-
For Other Matters	-	-
Total	35	35

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

CA C. VENKATESULU
Partner

Membership No. : 019659

FRN: 003108S

Place : Bengaluru
Date : April 30, 2019