



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

AUDITORS' REPORT

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

We have audited the Balance Sheet of DECCAN EXPLORATION SERVICES PRIVATE LIMITED as at 31 MARCH, 2012 and the annexed Profit and Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. The company being not coming under the purview of the Companies (Auditor's Report) Order, 2003 issued by the central government under section 227 (4A) of the Companies Act, 1956, we have not reported our finding on the matters stated therein.
2. Further to our comments in the Annexure referred to in paragraph (1) above:
 - a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - b. in our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with those Books of account;
 - d. in our opinion, the Profit and Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956,;
 - e. on the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March, 2012 from being appointed as a director of the Company are disqualified from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956; and
 - f. in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31 March, 2012; and
 - (ii) in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date.

For **RAO & VENKATESULU**
Chartered Accountants
Firm Registration No. (FRN) 003108S

Place: Bangalore
Date : 20 June 2012

K.Y. Ningoji Rao
Partner
Membership No.18278



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

BALANCE SHEET AS AT 31 MARCH, 2012

(Rs.'000)

Particulars	Sch No	31.3.2012	31.3.2011
I EQUITY AND LIABILITIES			
1 Shareholder's Funds:			
a Share Capital	1	100	100
b Reserves and Surpluses	2	7,105	6,082
c Money Received Against Share Warrants			
2 Share Application Money Pending Allotment		-	-
3 Non-Current Liabilities:			
a Long Term Borrowings		-	-
b Deferred Tax Liabilities (Net)		-	-
c Other Long Term Liabilities		-	-
d Long Term Provisions		-	-
4 Current Liabilities:			
a Short Term Borrowings		-	-
b Trade Payables	3	367	5,678
c Other Current Liabilities	4	61	66
d Short Term Provisions	5	324	2,728
TOTAL		7,957	14,654
II ASSETS			
1 Non Current Assets:			
a Fixed Assets:			
(i) Tangible Assets	6	748	-
(ii) Intangible Assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible Assets Under Development		-	-
b Non Current Investments		-	-
c Deferred Tax Assets (net)		-	-
d Long Term Loans and Advances	7	284	207
e Other Non Current Assets	8	1,867	3,921
2 Current Assets:			
a Current Investments			
b Inventories	9	-	4,083
c Trade Receivables	10	3,102	4,943
d Cash and Cash Equivalentents	11	1,915	1,402
e Short Term Loans and Advances	12	41	98
f Other Current Assets		-	-
TOTAL		7,957	14,654
NOTESTOACCOUNTS	20		

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

For **DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

As per our report of even date attached.

For **Rao & Venkatesulu**
Chartered Accountants

S.C.R PESHWA
Director

K.KARUNAKARAN
Director

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

Place : Bangalore
Date : June 20, 2012



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31 MARCH, 2012

(Rs. '000)

Particulars	SCH	Current Year	Previous Year
REVENUES:			
Revenue From Operations	13	15,557	42,869
Other Income	13	6,083	1,989
Total Revenue (I +II)		21,640	44,858
EXPENSES:			
1 Exploration Expenses	14	16,022	39,295
2 Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	15	4,083	-3,723
3 Employee Benefit Expense			
4 Financial Costs	16	7	15
5 Depreciation and Amortization Expense	17	135	-
6 Other Expenses	18	46	144
Total Expenses		20,293	35,731
Profit Before Exceptional and Extraordinary Items & Tax		1,347	9,127
Exceptional Items	19		2
Profit Before Extraordinary Items and Tax		1,347	9,125
Extraordinary Items		-	
Profit Before Tax		1,347	9,125
Tax Expense:			
1 Current Tax		324	2,728
2 Earliar Year Taxes		-	-
3 Deferred Tax		-	92
Profit (Loss) For The Perid From Continuing Operations		1,023	6,305
Profit/(Loss) from Discontinuing Operations			
Tax Expense of Discounting Operations			
Profit/(Loss) From Discontinuing Operations			
Profit/(Loss) For The Period		1,023	6,305
Earning Per Equity Share:			
1 Basic		102.27	630.47
2 Diluted		102.27	630.47

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

For **DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

S.C.R PESHWA
Director

K.KARUNAKARAN
Director

As per our report of even date attached.

For **Rao & Venkatesulu**
Chartered Accountants

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

Place : Bangalore
Date : June 20, 2012



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

SCHEDULES FORMING PART OF ANNUAL ACCOUNTS

(Rs.'000)

Share Capital

Schedule : 1

Particulars	As At 31.3.2012	As At 31.3.2011
AUTHORIZED CAPITAL 50,000 Equity Shares of Rs. 10/- each.	500	500
ISSUED , SUBSCRIBED & PAID UP CAPITAL 10,000 Equity Shares of Rs. 10/- each, Fully Paid Up	100	100
Total	100	100

Reserve & Surpluses

Schedule : 2

Particulars	As At 31.3.2012	As At 31.3.2011
Reserves Total	-	-
Profit & Loss Account: Balance Brought Forward	6,082	-223
Add: Net Profit For The Year	1,023	6,305
Total	7,105	6,082

Trade Payables

Schedule : 3

Particulars	As At 31.3.2012	As At 31.3.2011
Trade Creditors	337	5,651
Others	30	26
Total	367	5,677

Other Current Liabilities

Schedule : 4

Particulars	As At 31.3.2012	As At 31.3.2011
TDS Payable	61	66
Total	61	66

Short Term Provisions

Schedule : 5

Particulars	As At 31.3.2012	As At 31.3.2011
Provisions For Current Taxes	324	2,728
Provision From Employees Benefit	-	-
Others	-	-
Total	324	2,728

**Fixed Assets****Schedule : 6**

Sr. No	Particulars	Gross Block				Depreciaton				Net Block	
		Value at the begin ning	Addition during the year	Dedu ction during the year	Value at the end 31.03.2012	Value at the begin ning	Addition during the year	Deduction during the year	Value at the end 31.03.2012	WDV as on 31.03.2012	WDV as on 31.03.2011
I	Tangible Assets										
	1. Land	-	-	-	-	-	-	-	-	-	-
	2. Buildings	-	-	-	-	-	-	-	-	-	-
	3. Plant & Machinery	-	-	-	-	-	-	-	-	-	-
	4. Vehicles	-	844	-	844	-	127	-	127	717	-
	5. Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-
	6. Office Equipments	-	13	-	13	-	1	-	1	13	-
	7. Computer	-	26	-	26	-	8	-	8	18	-
	SUB TOTAL (A)	-	883	-	883	-	135	-	135	748	-
II	Intangible Assets										
	SUB TOTAL (B)	-	-	-	-	-	-	-	-	-	-
III	Capital Work-in-progress	-	-	-	-	-	-	-	-	-	-
	SUB TOTAL (C)	-	-	-	-	-	-	-	-	-	-
IV	Intangible Assets Under Development										
	SUB TOTAL (D)	-	-	-	-	-	-	-	-	-	-
	Total Current Year [A + B + C + D]	-	883	-	883	-	135	-	135	748	-
	Total Previous Year	-	-	-	-	-	-	-	-	-	-

Long Term Loans and Advances**Schedule : 7**

Particulars	As At 31.3.2012	As At 31.3.2011
Security Deposit	117	117
Other Loans & Advances	167	90
Total	284	207

Other Non Current Assets**Schedule : 8**

Particulars	As At 31.3.2012	As At 31.3.2011
Long Term Trade Recievables		
Others	1,867	3,921
Total	1,867	3,921

Inventories**Schedule : 9**

Particulars	As At 31.3.2012	As At 31.3.2011
Work-in-Progress	-	4,083
Finished Goods	-	-
Total	-	4,083

Trade Recievables**Schedule : 10**

Particulars	As At 31.3.2012	As At 31.3.2011
Outstanding for more than six months	-	-
Others	3,102	4,943
Total	3,102	4,943



Cash & Cash Equivalent

Schedule : 11

Particulars	As At 31.3.2012	As At 31.3.2011
Cash-in-Hand	29	37
Bank Balance	1,886	1,365
Total	1,915	1,402

Short Terms Loans and Advances

Schedule : 12

Particulars	As At 31.3.2012	As At 31.3.2011
Loans & Advances from Related Parties	-	-
Others	41	98
Total	41	98

Revenues From Operations & Other Income

Schedule : 13

Particulars	Current Year	Previous Year
Revenues From Operations:		
Exploration Contract	15,557	15,251
Drilling Contract Receipts	-	27,616
Total	15,557	42,867
Other Income:		
Consultancy Receipts	6,062	1,984
Interest on Others	201	4
Miscellaneous Receipts		
Total	6,082	1,989
Total	21,640	44,858

Exploration Expenses

Schedule : 14

Particulars	Current Year	Previous Year
Analysis Charges	1,290	2,902
Boarding & Lodging Charges	188	219
Camp Expenses	109	238
Diesel & fuel	132	237,
Duplicating Charges	1	4
Field Supplies & Consumables	272	847
Field Vehicle Maintenance	50	234
RP Processing Fees	64	76
Rent	190	105
Land & Crop Compensation	281	844
Field Travel Expenses	150	73
Exploration Contract Expenses	3,368	5,830
Food & Water Charges	250	328
Professional & Consultantancy Fee	940	570
Trenching , Drilling & Pitting Charges	6,154	25,531
Surveying Charges	2,572	1,234
Other Camp Expenses	11	25
TOTAL carried To Profit & Loss Account	16,022	39,295

**Change in Inventories**

Schedule : 15

Particulars	Current Year	Previous Year
Opening Stock:		
Working in Progress	4,083	360
Total	4,083	360
Closing Stock:		
Working in Progress	-	4,083
Total	-	4,083
Total	4,083	-3,723

Financial Cost

Schedule : 16

Particulars	Current Year	Previous Year
Interest On Loans	-	-
Bank Charges & Other Charges	7	15
Total	7	15

Depreciation & Amortised Cost

Schedule : 17

Particulars	Current Year	Previous Year
Depreciation	135	-
Preliminary Expenses Amortized	-	-
Total	135	-

Other Expenses

Schedule : 18

Particulars	Current Year	Previous Year
Advertisement Charges	-	5
Postage & Telegraph	1	5
Filing Fee	-	3
Printing & Stationery	-	1
Professional Fee	4	6
Travelling Expenses	12	95
Auditors Remuneration:		
For Audit	22	22
For Tax Audit	4	4
For Others	3	3
Total	46	144

Exceptional Items

Schedule : 19

Particulars	Current Year	Previous Year
Penal Interest & Other Expenses	-	2
Total	-	2



TRADE PAYABLES

Particulars	As At 31.3.2012	As At 31.3.2011
FOR TRADE:		
Geomysore Services (India) Pvt Ltd	337	3,701
APC Drilling & Construction Co-Namakka	-	1,029
Skyline Survey	-	721
Manyatha Developers Pvt.Ltd	-	200
Total	337	5,651
FOR EXPENSES:		
Professional Charges Payable	-	-
Service Tax	-	-
Rao & Venkatesulu	30	26
Total	30	26
Total	367	5,678

OTHER CURRENT LIABILITIES

Particulars	As At 31.3.2012	As At 31.3.2011
Income Tax TDS Payable	61	66
Total	61	66

TRADE RECEIVABLES

Particulars	As At 31.3.2012	As At 31.3.2011
DUES FOR LESS THAN SIX MONTHS:		
Deccan Gold Mines Ltd	3,102	2,616
Ultra Tech Cements Limited	-	2,327
Total	3,102	4,943
DUES FOR MORE THAN SIX MONTHS:		
Total	-	-
Total	3,102	4,943

OTHER NON CURRENT ASSETS

Particulars	As At 31.3.2012	As At 31.3.2011
Long Term Trade Receivables		
Others:		
Income Tax T.D.S.	1,867	3,921
Total	1,867	3,921

**LONG TERM LOANS & ADVANCES**

Particulars	As At 31.3.2012	As At 31.3.2011
Security Deposit	117	117
Total	117	117
Others:		
Rent Deposit	155	40
Yogesh	12	-
S.B.Harish Kumar	-	50
Total	167	90

SHORT TERM LOANS & ADVANCES

Particulars	As At 31.3.2012	As At 31.3.2011
Loans & Advances From Related Parties	-	-
Total	-	-
Others:		
Service Tax	41	98
Total	41	98
Total	41	98

SCHEDULE '20'**NOTES FORMING PART OF ANNUAL ACCOUNTS:****1. Share Capital :****Reconciliation of Number of Shares:**

Particulars	As At 31.3.2012	As At 31.3.2011
Equity Shares:		
Balance at the beginning	10	10
Add: Number of Share Allotted	Nil	Nil
Balance at close	10	10

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

Particulars	As At 31.3.2012	As At 31.3.2011
Equity Shares of rs.10/- Each	Nil	Nil

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

Equity Share of Rs.10/- each fully paid-up:

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



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

Name of Shareholders	As At 31.3.2012	As At 31.3.2011	% of Shares
Deccan Gold Limited	9990	9990	99.90%

2. Particulars of Reserves and Surpluses:

Particulars	As At 31.3.2012	As At 31.3.2011
Profit & Loss Account:		
Opening Balance Brought Forward	6,082	223
Add: Current Year Profit	1,023	6,035
Less: Proposed Dividend & Dividend Tax	(Nil)	(Nil)
Less: Transferred to General Reserve	(Nil)	(Nil)
Closing Balance Carried Forward	7,105	6,082

3. Trade Receivables:

Classified as Current: Rs.3,101,617 (P.Y.Rs.4,943,020) includes:

Particulars	As At 31.3.2012	As At 31.3.2011
i. Debts Due for a period:		
a. more than Six Months from the due date	Nil	Nil
b. Others	3,102	4,943
ii. Debts considered good and secured	Nil	Nil
iii. Debts considered good but secured	3,102	4,943
iv. Debts considered unsecured and doubtful of recovery and not provided for	Nil	Nil
v. Debts due from:	Nil	Nil
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

4. Loans and Advances:

Classified as Current: Rs.40,862 (P.Y.Rs.98,107) includes:

Particulars	As At 31.3.2012	As At 31.3.2011
i. Short Term Loans & Advances:		
a. Capital Advances	Nil	Nil
b. Security Deposits	Nil	Nil
c. Due From Related Parties	Nil	Nil
d. Others	41	98
ii. Loans and advances which are:		
a. Secured and considered good	Nil	Nil
b. Unsecured and Considered Good	41	98
c. Doubtful	Nil	Nil
III. Loans & Advances 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

Classified as Non-Current: Rs.283,933 (P.Y.Rs.207,383) includes:

Particulars	As At 31.3.2012	As At 31.3.2011
i. Long Term Loans & Advances:	Nil	Nil
a. Capital Advances	117	117
b. Security Deposits	Nil	Nil
c. Due From Related Parties	167	90
d. Others	Nil	Nil
ii. Loans and advances which are:		
a. Secured and considered good	Nil	Nil
b. Unsecured and Considered Good	167	167
c. Doubtful	Nil	Nil
iii. Loans & Advances 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

5. Amounts due to and From Related Parties:

Particulars	As At 31.3.2012	As At 31.3.2011
Amounts due to Related Parties:		
i Geomysore Services India Private Limited	337	3,701
Total	337	3,701
Amounts due from Related Parties:		
i Deccan Gold Mines Ltd.	3,102	2,616
Total	Nil	Nil

6. Bank Balances Include:

Particulars	As At 31.3.2012	As At 31.3.2011
i. Unpaid Dividends	Nil	Nil
ii. Margin Money	Nil	Nil
III. Deposits with more than 12 months maturity	Nil	Nil
iv. Cheques & Drafts On Hand	Nil	Nil
v. Others	1,886	1,365
Total	1,886	1,365

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

Particulars	Period of operation cycle
I Mine Exploration Contracts	One Year
ii Mining Consultancy	Six Months



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

Particulars	Gross Value	Less: Duty	Net of Duty
I Mining Exploration Contracts	15,557	Nil	15,557
ii Consultancy Services	6,062	Nil	6,062
Total	21,619	Nil	21,619

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

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

10. RELATED PARTY TRANSACTIONS DISCLOSURES:

In Rs.

Particulars	Associated Concerns & Directors Relatives	Key Management Personnel	TOTAL
Exploration & Other Expenses Paid	3,368	Nil	3,368
Exploration Contract Receipts	15,557	Nil	15,557
Financial Transactions:			
a. Loan Borrowed	Nil	Nil	Nil
b. Loan Repaid	Nil	Nil	Nil
c. Interest Paid	Nil	Nil	Nil
d. Equity Share Capital	Nil	Nil	Nil
e. Share Application	Nil	Nil	Nil
f. Advances Received	Nil	Nil	Nil
g. Advances Repaid	Nil	Nil	Nil
Sale Of Fixed Assets	Nil	Nil	Nil
Purchase Of Fixed Assets	Nil	Nil	Nil
Receiving Of Services	Nil	Nil	Nil
Rendering Of Services	Nil	Nil	Nil
Guarantees & Collaterals:	Nil	Nil	Nil
Associated Concerns:	a. M/s Geomysore Services India (P) Ltd b. M/s Deccan Gold Mines Ltd.		
Relatives:	None		
Key Management Personnel	a. Mr. S.C.R.PESHWANA - Director b. Mr. K.akarunakarn - Director		

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

12. SIGNIFICANT ACCOUNTING POLICIES:

A. REVENUE RECOGNITION:

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



B. EXPENDITURE RECOGNITION:

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

C. VALUATION OF INVENTORY:

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

D. FIXED ASSETS:

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

E. ACCOUNTING OF TAXES ON INCOME:

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

F. ACCOUNTING OF INTANGIBLE ASSETS:

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



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

I. Registration Details:

Registration No.: 22819

State Code: 08

BALANCE SHEET AS AT 31st MARCH, 2012:

Particulars	As At 31.3.2012	As At 31.3.2011
II. Capital raised during the year: Rs in Millions:		
Public Issue	Nil	Nil
Right Issue	Nil	Nil
Bonus Issue	Nil	Nil
Private Placement	Nil	Nil
III. Position of mobilization and deployment of funds: Rs. In Millions:		
Total Liabilities	7.957	14.654
Total Assets	7.957	14.654
SOURCES OF FUNDS:		
Paid Up Capital	0.100	0.100
Reserves & Surpluses	7.105	6.082
Non Current Liabilities	Nil	Nil
Current Liabilities	0.752	8.472
APPLICATION OF FUNDS:		
Non Current Assets	2.899	4.128
Current Assets	5.058	10.526
Deferred Tax Asset	Nil	Nil
IV. Performance of the Company: Rs. In Millions		
Turnover	21.640	44.858
Total Expenditure	20.293	35.731
Profit Before Tax	1.347	9.127
Profit After Tax	1.023	6.305
Earning Per Share [Annualized]		
After reckoning Deferred Tax Asset	102.27	630.47
Dividend	Nil	Nil

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

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

SIGNATURES TO SCHEDULES "1" and "20"

For **DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

S.C.R PESHWA
Director

K.KARUNAKARAN
Director

As per our report of even date attached.

For **Rao & Venkatesulu**
Chartered Accountants

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

Place : Bangalore
Date : June 20, 2012