

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

### DIRECTOR'S REPORT

To the Members,  
Deccan Exploration Services Private Limited  
Bengaluru.

Your Directors have pleasure in submitting their 21st Annual Report of the Company together with the Audited Statements of Accounts for the year ended March 31, 2018.

#### 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	7762	14908
Total Expenses	13766	11454
<b>Profit or Loss before Exceptional and Extraordinary items and Tax</b>	<b>(6004)</b>	<b>3454</b>
Less: Exceptional Items	-	2
Less: Extraordinary Items	-	-
<b>Profit or Loss before Tax</b>	<b>(6004)</b>	<b>3452</b>
Less: Current Tax	-	826
Deferred Tax	(229)	156
<b>Profit or Loss After Tax</b>	<b>(5775)</b>	<b>2470</b>

#### 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:

##### Update on Ganajur Gold Project - awaiting Letter of Intent / Grant Notification from the State Government of Karnataka

The key project of DESPL is the Ganajur Gold Project in Haveri District, Karnataka over which a Mining Lease (ML) application covering an area of 72 acres was lodged in 2006 with the Government of Karnataka. After rigorous processing of the ML application at various levels, the Commerce & Industries Department, Government of Karnataka (C & I) recommended the grant of ML to the Ministry of Mines, Government of India (Central Government) for its prior approval in accordance with the mineral concession laws.

It may be noted that the Ganajur Gold deposit was discovered by DESPL through adoption of modern exploration methods and latest technology carried out under RP and PL. We have spent significant amount of money for making this discovery.

After processing at multiple levels and exchange of correspondence between the Central Government and the State Government & IBM, the Central Government accorded its prior approval for grant of ML for the Ganajur Gold Project on July 24, 2015. Further, vide its letter dated February 7, 2017 the Central Government clarified that their prior approval granted during July 2015 was under Section 10A(2)(b) introduced into MMDR by the MMDR Amendment Act, 2015 w.e.f. January 12, 2015. Further, Central Government advised the State Government to get the ML executed in accordance with law at the earliest and expedite the clearances & approvals for starting the mining operation.

# DECCAN GOLD MINES LIMITED

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## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

After processing the Central Government approved Ganajur ML application again in accordance with its internal checklist / SoP, the file was referred by the C & I to Law Department, Government of Karnataka during October, 2017 for an opinion on ML application's compliance with the Mines and Minerals (Development & Regulation) Act, 1957 and the regulations made there under. On April 21, 2018 the Law Department furnished a positive opinion on the file to the C & I and advised the C & I to process the ML application.

### **Ganajur Gold Project – progress made so far**

During the year under review, Snowden Mining Industry Consultants (Snowden), an internationally reputed Geological & Mining Consultant based out of Perth, Western Australia completed a comprehensive Feasibility Study for the Ganajur Gold Project. The results of the Study have been very positive with significant NPV and IRR values. A gold resource of about 308,000 Oz has been estimated by Snowden for the Ganajur Gold Project. Most of this resource is classified under the JORC 'Measured' Category. JORC is the Australian Standard set by the Joint Ore Resources Committee (JORC) in Australia to validate the authenticity of gold resources and extensively used by Consultants such as Snowden. Snowden also estimated Ore Reserves under Proved Category as per JORC 2012 which is equivalent of "111" category as per UNFC Norms.

As per the Feasibility Study Report of Snowden, the Ganajur Gold Project is an economically attractive and robust Project that can be developed into a viable gold producing operation.

The Company has also made significant progress in terms of obtaining regulatory approvals for creation of infrastructure for the Project viz., water supply and electricity. As regards land acquisition, the landowners (who own the area covered under the ML application) are very keen to see the Project come to fruition. Land acquisition process is proposed to be completed through the KIADB and we have already made a payment of Rs. 6.82 crore (40% of the land acquisition cost) to them.

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

The Company is pleased to report that the Hon'ble Supreme Court vide its above noted Judgment delivered on May 8, 2018 has set aside the Order passed by the Karnataka High Court dated April 3, 2012 and has allowed the Company's Civil Appeal.

In its aforesaid Judgment, the Hon'ble Supreme Court has:

- (1) held that the Karnataka High Court 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) upheld the decision of the Central Government vide its Order dated May 31, 2011. 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 our subsidiary, Deccan Exploration Services Private Limited (DESPL).
- (3) directed the State of Karnataka is directed to consider the case of Deccan Exploration Services Private Limited for grant of Prospecting Licence (PL) in accordance with the provisions of the Mines & Minerals (Development & Regulation) Act, 1957 as they now stand amended in the year 2015.

It may be noted that the Hutti Maski Greenstone belt is one of the most important Archaean gold bearing belts in India. The Hutti-Maski belt hosts world class Hutti Gold deposit that is being mined by The Hutti Gold Mines Limited. The Company carried out detailed gold exploration in the Hutti Belt prospects under a Reconnaissance Permit granted to it and lodged PL applications with the Karnataka State Government which were sought to be overlooked and reserved in favour of a State Government undertaking

The Company is now vigorously following up the processing of its Hutti Block PL applications with the Department of Mines & Geology, Government of Karnataka who are processing the same in accordance with their internal checklist / SoP for progression from Reconnaissance Permit to PL.

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**DECCAN EXPLORATION SERVICES PRIVATE LIMITED****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.

**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 29, 2017; August 12, 2017; October 16, 2017; and March 31, 2018.

**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;

# DECCAN GOLD MINES LIMITED

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## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

- (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.

## 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 K. Karunakaran, Director retires by rotation at the ensuing Annual General Meeting (AGM) of the Company and being eligible, offers himself for reappointment. Necessary resolutions proposing him as a Director of the Company has been included in the Notice convening the ensuing AGM 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 one year at the last 20th Annual General Meeting (AGM) and are eligible for reappointment at the ensuing 21st AGM, subject to approval of members.

## 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 DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013)

Keeping in mind that there are women employees on the rolls of the Company and the operations and size of the Company, we shall comply with this requirement and make the necessary disclosures and when it is applicable to the Company.

**24. SHARES**

On March 31, 2018 the Company issued 555 equity shares at a price of Rs. 1,57,270/- (including face value of Rs. 10/- each) to the parent 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. Since the shares are being allotted for considerations other than cash (upon conversion of payables / loan amounting to Rs. 8,72,84,850/- into equity), the requisite Valuation Certificate from a Chartered Accountant was obtained and noted by the Board.

**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 14, 2018

**S.C.R. Peshwa**  
Director

**K. Karunakaran**  
Director

# DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

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-2017]"				"No. of Shares held at the end of the year [As on 31-March-2018]"				% 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%		13,554	13,554	99.99%	Nil
Sub Total (A) (2)	-	12,999	12,999	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	-						
<b>Grand Total (A+B+C)</b>	-	<b>13,000</b>	<b>13,000</b>	<b>100.00%</b>	-	<b>13,555</b>	<b>13,555</b>	<b>100.00%</b>	<b>0.00%</b>

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

**(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	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	12,999	99.99%		
	Changes during the year	555		-	0.00%
	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 ₹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 14, 2018

**S.C.R. Peshwa**  
 Director

**K. Karunakaran**  
 Director

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**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

**INDEPENDENT AUDITOR'S REPORT**

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

**REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS**

1. We have audited the accompanying standalone Ind AS financial statements of Deccan Exploration Services Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements")

**MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS**

2. 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 Ind AS financial statements, that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; for safeguarding the assets of the Company; 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. 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 made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

**OPINION**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs of the Company as at 31 March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.



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**DECCAN EXPLORATION SERVICES PRIVATE LIMITED****REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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 purpose 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 including other comprehensive income, the statement of cash flow and the statement of changes in equity dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rule issued thereunder.
  - e. On the basis of the written representations received from the directors as on 31 March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - f. We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date and our report dated 30th April, 2018 as per Annexure II expressed.
  - 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) Amendment Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which may impact its standalone Ind AS financial statements;
    - ii. The company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For **RAO & VENKATESULU**  
Chartered Accountants

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

Place : Bengaluru  
Date : April 30, 2018

### **Annexure I to the Auditor's Report even date**

(Referred to in paragraph 1 thereof)

#### **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. According to the information and explanation given to us, the Company has not given any loans and advances, investments or guarantees as contemplated under Section 185 and 186 of the Act.
  5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as contemplated under Section 73 to 76 of the Companies Act, 2013 .
  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 Liabilities and obligations :
    - (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, wealth tax, goods and service 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, wealth tax, goods and service tax, service tax, customs duty, excise duty/cess were outstanding as at 31.03.2018 for a period of more than six months from the date they became payable except professional tax of Rs.18,400/- .
    - (c) According to the records of the company there are no dues of Income-Tax, wealth tax, goods and service 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 neither availed any term loan during the year from any financial institutions / banks nor issued any debentures.
  9. According to the records of the Company, the Company has not raised any money 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 para 3 (xii) of the Order do not apply to the company.

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**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

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.
14. According to the information and explanations given to us and based on the examination of Company's records, no preferential allotment or private placement of shares has been made.
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 them 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

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

Place : Bengaluru  
Date : April 30, 2018

# DECCAN GOLD MINES LIMITED

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## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

### Annexure II

#### **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, 2018, 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, 2018, based on the criteria being specified by management.

For **RAO & VENKATESULU**  
Chartered Accountants

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

Place : Bengaluru  
Date : April 30, 2018

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2018**

(Amount in '000)

Particulars	Note No.	31st March, 2018	31st March, 2017	31st March, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
a) Property, Plant & Equipment	2	2,546	3,179	3,466
b) Capital work-in-progress	2	2,94,605	2,56,011	1,22,975
c) Intangible Assets	2	2,947	2,432	2,958
d) Intangible Assets under development	2	9,976	9,976	9,976
e) Financial Assets				
(i) Loans	3	1,017	1,017	1,007
		<b>3,11,091</b>	<b>2,72,615</b>	<b>1,40,382</b>
Current assets				
a) Financial Assets				
(i) Trade receivables	4	156	156	156
(ii) Cash and cash equivalents	5	1,08,857	1,56,211	3,19,514
b) Current Tax Assets	6	1,517	760	381
c) Other current assets	7	26,003	22,197	4,402
		1,36,533	1,79,324	3,24,453
<b>TOTAL ASSETS</b>		<b>4,47,624</b>	<b>4,51,939</b>	<b>4,64,835</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a) Share Capital	8	136	130	130
b) Other Equity	9	4,45,116	3,63,613	3,61,143
		<b>4,45,252</b>	<b>3,63,743</b>	<b>3,61,273</b>
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
a) Employee Benefit obligation	10	107	51	-
b) Deferred Tax Liability	11	207	436	280
		<b>314</b>	<b>487</b>	<b>280</b>
<b>Current Liabilities</b>				
a) Financial Liabilities				
(i) Trade payables	12	1,486	254	12,562
b) Other Current Liabilities	13	571	87,455	90,721
c) Provisions	14	1	-	-
		2,058	87,709	1,03,283
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,47,624</b>	<b>4,51,939</b>	<b>4,64,835</b>

Notes are integral part of the balance sheet & 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 30, 2018

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

### PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2018

(Amount in '000)

Particulars	Note No	For the year ended 31.3.2018	For the year ended 31.3.2017
<b>INCOME :</b>			
Other income	15	7,762	14,908
Total Revenue		7,762	14,908
<b>EXPENDITURE :</b>			
Employee benefits expenses	16	5,293	3,665
Finance Costs	17	8	88
Depreciation and amortization expenses	18	2,008	1,774
Other expenses	19	6,457	5,927
<b>Total Expenditures</b>		<b>13,766</b>	<b>11,454</b>
Profit before exceptional and extraordinary items and tax		(6,004)	3,454
<b>Exceptional items</b>	20	-	2
Prior year adjustments		-	-
<b>Profit before tax</b>		<b>(6,004)</b>	<b>3,452</b>
<b>Tax expenses :</b>			
Current tax		-	826
Deferred tax	21	(229)	156
Profit (Loss) for the year		(5,775)	2,470
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
<b>Total Comprehensive Income of the year</b>		<b>(5,775)</b>	<b>2,470</b>
<b>Earnings per equity share: Basic &amp; Diluted (in ₹)</b>			
<b>Basic</b>		<b>(444.16)</b>	<b>190.01</b>
<b>Diluted</b>		<b>(444.16)</b>	<b>190.01</b>

Notes are integral part of the balance sheet &amp; profit &amp; 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 30, 2018

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

### Cash Flow Statement for the year ended 31st March, 2018

(₹ in '000)

PARTICULARS	31st March, 2018	31st March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax and after Extraordinary items	(6,004)	3,452
<b>Adjustment For :</b>		
Depreciation	2,008	1,774
Interest & Finance charges	8	88
Interest received	(7,762)	(14,908)
Operative Profit before Working Capital Changes	(11,750)	(9,594)
<b>Adjustment For :</b>		
Other Receivables, Loans & Advances	-	(10)
Other Current Assets	(3,806)	(17,795)
Trade & Other payable	1,690	(15,523)
Cash Generation from Operations	(13,866)	(42,922)
Direct Taxes	(757)	(1,205)
Net Cash Flow from operating activities	(14,623)	(44,127)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets and Advances	(40,484)	(1,33,997)
Interest Received	7,762	14,908
Net Cash used in investing activities	(32,722)	(1,19,089)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance charges & Others	(8)	(88)
Provisions for Bonus	-	-
<b>D. Net Cash used in financing activities</b>	(8)	(88)
Net Change In Cash And Cash Equivalents (A+B+C)	(47,353)	(1,63,304)
Cash and Cash Equivalents (Opening)	1,56,211	3,19,514
Cash and Cash Equivalents (Closing)	1,08,857	1,56,211

Notes : 1. Figures in brackets represents cash outflows.

2. Previous year figures have been regrouped wherever necessary.

For and on behalf of the Board

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 30, 2018



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

## A. Equity share capital

(₹ in '000)

	Number	Amount
Balance as at 1 April 2016	13,000	130
Changes in equity share capital during 2016-17	-	-
Balance as at 31 March 2017	13,000	130
Balance as at 1 April 2017	13,000	130
Changes in equity share capital during 2017-18	555	5.55
Balance as at 31 March 2018	13,555	135.55

## B. Other equity

(₹ in '000)

	Reserves and surplus		
	Securities premium	Retained earnings	Total other Equity
<b>Balance as at 1 April 2016</b>	<b>3,54,052</b>	<b>7,091</b>	<b>3,61,143</b>
Employee share-based compensation	-	-	-
Transactions with owners	-	-	-
Profit/(Loss) for the year	-	2,470	2,470
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	2,470	2,470
<b>Balance as at 31 March 2017</b>	<b>3,54,052</b>	<b>9,561</b>	<b>3,63,613</b>
<b>Balance as at 1 April 2017</b>	<b>3,54,052</b>	<b>9,561</b>	<b>3,63,613</b>
Dividends	-	-	-
Issue of share capital on exercise of employee share option	-	-	-
On allotment of Shares	87,279	-	-
Profit/(Loss) for the year	-	(5,775)	(5,775)
Other comprehensive income	-	-	-
Total comprehensive income for the year	87,279	(5,775)	81,504
<b>Balance as at 31 March 2018</b>	<b>4,41,331</b>	<b>3,785</b>	<b>4,45,116</b>

# DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

### Note – 1: SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2018

#### 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 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****Amount (₹ '000)**

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

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## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

- 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. Deferred tax is recognised subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### 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

Amount (₹ '000)

## NOTE – 2: PROPERTY, PLANT AND EQUIPMENT

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

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

Particulars	Furniture & Fixtures	Vehicles	Office Equipment	Computer	TOTAL
<b>Gross carrying amount</b>					
Balance as at 1 April 2016	228	3,036	89	1,186	4,539
Additions	65	135	78	140	418
Acquisition through business combination	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-
Net exchange differences	-	-	-	-	-
<b>Balance as at 31 March 2017</b>	<b>293</b>	<b>3,171</b>	<b>167</b>	<b>1,326</b>	<b>4,957</b>
<b>Depreciation and impairment</b>					
Balance as at 1 April 2016	6	865	18	184	1,073
Net exchange differences	-	-	-	-	-
Held for sale or included in disposal group	-	-	-	-	-
Depreciation	26	275	26	378	705
<b>Balance as at 31 March 2017</b>	<b>32</b>	<b>1,140</b>	<b>44</b>	<b>562</b>	<b>1,778</b>
<b>Carrying amount as at 31 March 2017</b>	<b>261</b>	<b>2,031</b>	<b>123</b>	<b>764</b>	<b>3,179</b>

## CAPITAL WORK IN PROGRESS

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

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

Particulars	Amount
<b>Development of Gold Mining Assets</b>	
Opening Balance as on 01/04/2016	1,22,975
Expenditure during the year	1,33,036
Less: Adjustment during the year	-
<b>Closing balance as on 31/03/2017</b>	<b>2,56,011</b>

### INTANGIBLE ASSETS

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
<b>Total</b>		<b>3,684</b>	<b>1,750</b>	<b>-</b>	<b>5,434</b>	<b>1,252</b>	<b>1,235</b>	<b>-</b>	<b>2,487</b>	<b>2,947</b>	<b>2,432</b>

Particulars	Useful Life (No. Of Years)	Gross Block				Accumulated Depreciation				Net Block	
		Balance as at 01-04-2016	Additions	Deduction	Balance as at 31/03/2017	Up to 01/04/2016	For the year	Deduction	Up to 01/04/2017	Balance as at 31/03/2017	Balance as at 31/03/2016
Software	3	3,142	543	-	3,684	183	1,069	-	1,252	2,432	2,958
<b>Total</b>		<b>3,142</b>	<b>543</b>	<b>-</b>	<b>3,684</b>	<b>183</b>	<b>1,069</b>	<b>-</b>	<b>1,252</b>	<b>2,432</b>	<b>2,958</b>

### Intangible Assets under Development

Particulars	Amount
<b>Prospecting License &amp; Mining Lease License</b>	
Opening Balance as on 01/04/2017	9,976
Expenditure during the year	-
Less: Sale Proceeds	-
<b>Closing balance as on 31/03/2018</b>	<b>9,976</b>

Particulars	Amount
<b>Prospecting License &amp; Mining Lease License</b>	
Opening Balance as on 01/04/2016	9,976
Expenditure during the year	-
Less: Sale Proceeds	-
<b>Closing balance as on 31/03/2017</b>	<b>9,976</b>

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

PARTICULARS	AS AT 31.3.2018	AS AT 31.3.2017	1st April, 2016
<b>Note - 3: Loans</b>			(Rs. In '000)
Security Deposits			
Unsecured, considered good	1,017	1,017	1,007
<b>Total</b>	<b>1,017</b>	<b>1,017</b>	<b>1,007</b>
<b>Note - 4: Trade Receivables</b>			(Rs. In '000)
Unsecured, Considered Good	156	156	156
<b>Total</b>	<b>156</b>	<b>156</b>	<b>156</b>

**Note - 5: Cash and cash equivalents****Balances with banks**

a. Balance with Banks	4,572	8,171	5,988
b. Bank deposits with not more than 12 months maturity	1,04,280	1,48,016	3,13,517
c. Cash on hand	5	24	9
<b>Total</b>	<b>1,08,857</b>	<b>1,56,211</b>	<b>3,19,514</b>

**Note - 6: Current Tax Assets**

Income Tax	1,517	760	381
<b>Total</b>	<b>1,517</b>	<b>760</b>	<b>381</b>

**Note - 7: Other current assets**

Advances other than Capital Advances	371	813	627
Advances with Revenue Authorities	25,357	21,071	3,770
Others	275	313	5
<b>Total</b>	<b>26,003</b>	<b>22,197</b>	<b>4,402</b>

**Note - 8: Share Capital**

A. Authorised Share Capital	Equity Share		Preference Shares	
	Number	Amount	Number	Amount
Beginning of the year at 1 April 2016	20,000	200	3,50,000	35,000
Increase/(decrease) during the year	-	-	-	-
Total shares authorised as at 31 March 2017	20,000	200	3,50,000	35,000
Total shares authorised as at 1 April 2017	20,000	200	3,50,000	35,000
Increase/(decrease) during the year	-	-	-	-
Total authorised share capital as at 31 March 2018	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
Beginning of the year at 1 April 2016	13,000.00	130.00	-	-
Changes during the period	-	-	-	-
Balance as at 31 March 2017	13,000.00	130.00	-	-
Balance as at 1 April 2017	13,000.00	130.00	-	-
Changes during the period	555.00	5.55	-	-
Shares issued and fully paid as at 31 March 2018	13,555.00	135.55	-	-

## C. Reconciliation of Number of Shares:

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Equity Share Capital			
Balance at the beginning	13,000	13,000	13,000
Add: Number of Shares Allotted	555	-	-
Balance at the end of the year	13,555	13,000	13,000
0.0001% Preference Shares			
Balance at the beginning	-	-	-
Add: Number of Shares Allotted	-	-	-
Less: Number of Shares Redeemed	-	-	-
<b>Balance at the end of the year</b>	-	-	-

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

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Equity Shares of Rs. 10/- Each	555	Nil	Nil

## 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 31.03.2018	As at 31.03.2017	As at 01.04.2016
Deccan Gold Mines Limited	13,555	13,000	13,000

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

Name of the shareholder	31st March, 2018		31st March, 2017		1st April, 2016
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares
Deccan Gold Mines Limited	13,555	100.00%	13,000	100.00%	13,000



## ANNUAL REPORT 2018

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Rs. In '000)

PARTICULARS	AS AT 31.3.2018	AS AT 31.3.2017	1st April, 2016
<b>Note - 9: Other Equity</b>			
Share Premium	4,41,331	3,54,052	354,052
Profit & Loss Account	3,785	9,561	7,091
<b>Total</b>	<b>4,45,116</b>	<b>3,63,613</b>	<b>3,61,143</b>

PARTICULARS	AS AT 31.3.2018	AS AT 31.3.2017	
<b>Share Premium:</b>			
Opening Balance	3,54,052	3,54,052	
Premium during the year	87,279	-	
<b>Closing Balance</b>	<b>4,41,331</b>	<b>3,54,052</b>	
Profit & Loss Account:			
Opening Balance	9,561	7,091	
<b>Profit during the year</b>	<b>(5,775)</b>	<b>2,470</b>	
<b>Closing Balance</b>	<b>3,785</b>	<b>9,561</b>	

### Note - 10: Employee benefit obligation

Gratuity	107	51	-
<b>Total</b>	<b>107</b>	<b>51</b>	<b>-</b>

### Note - 11: Deferred tax Liability (Net)

Deferred tax liability	AS AT 31.3.2018	AS AT 31.3.2017	1st April, 2016
Net Block as per Companies Act	5,493	5,610	6,422
Net Block as per Income Tax Act	4,588	4,100	5,560
Difference	(905)	-1510	(862)
<b>Deferred tax liability (A)</b>	<b>235</b>	<b>451</b>	<b>280</b>
<b>Deferred tax assets</b>			
Disallowances u/s 40(a) & 43(b)	108	51	-
Deferred tax assets (B)	28	15	-
<b>Net Deferred Tax (Liability) (Closing)</b>	<b>207</b>	<b>436</b>	<b>280</b>

### Note - 12: Trade payables

#### Unsecured:

Micro, Small and Medium Enterprises	-	-	-
Due to Holding Company	-	-	7,543
Due to Others	1,486	254	5,019
<b>Total</b>	<b>1,486</b>	<b>254</b>	<b>12,562</b>

### Note - 13: Other Current Liabilities

Statutory Dues	571	170	936
Advance from Holding Company	-	87,285	89,785
<b>Total</b>	<b>571</b>	<b>87,455</b>	<b>90,721</b>

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Rs. In '000)

PARTICULARS	AS AT 31.3.2018	AS AT 31.3.2017	1st April, 2016
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### Note - 14: Provisions

Provision for Employee Benefits - Gratuity	1	-	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>

PARTICULARS	AS AT 31.3.2018	AS AT 31.3.2017
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### Note - 15: Other income

Interest Income	7,762	14,908
<b>Total</b>	<b>7,762</b>	<b>14,908</b>

### Note - 16: Employee benefit expenses

Salaries & Wages	5,072	3,436
Gratuity	57	51
Staff Welfare Expenses	164	178
<b>Total</b>	<b>5,293</b>	<b>3,665</b>

### Note - 17: Finance costs

Bank Charges	8	6
Interest	-	82
<b>Total</b>	<b>8</b>	<b>88</b>

### Note - 18: Depreciation & Amortization Expenses

Depreciation on Tangible Assets	773	705
Depreciation on Intangible Assets	1,235	1,069
<b>Total</b>	<b>2,008</b>	<b>1,774</b>

### Note - 19: Other expenses

Repairs & Maintenance	48	114
Communications Expenses	154	182
Miscellaneous Expenses	299	424
Insurance Charges	78	51
Electricity Charges	192	204
Membership & Subscription	454	90
Rates and Taxes	693	344
Travelling Expenses	267	-
Professional Fees	3,241	3,728
Rent	779	671
Staff Recruitment Charges	45	19
Motor Car Expenses	172	68
Auditor's remuneration	35	32
<b>Total</b>	<b>6,457</b>	<b>5,927</b>

PARTICULARS	AS AT 31.3.2018	AS AT 31.3.2017
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**Note - 20: Exceptional Items**

Excess of Income Tax Provision Withdrawn	-	4
Penal Interest and Other Expenses	-	6
Net Expenditure/(Income)	-	2

**Note - 21: Deferred Tax**

Net Deferred Tax Liability (Closing)	207	436
Less: Net Deferred Tax Liability (Opening)	436	280
Deferred Tax Provided(+)/Withdrawn(-) in the year	(229)	156

**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	
	2017-18	2016-17
Defined Benefit Obligation at the beginning of the year	51	-
Current Service Cost	48	51
Interest Cost	4	-
Past Service Cost	7	-
Actuarial (Gain)/Loss	(2)	-
Defined Benefit Obligation at the end of the year	108	51

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

Particulars	Gratuity Funded	
	2017-18	2016-17
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 &amp; Obligations

Particulars	Gratuity Funded	
	2017-18	2016-17
Fair Value of Plan Assets	-	-
Present Value Obligation	108	51
Amount Recognised in Balance Sheet (Surplus/Deficit)	108	51

# DECCAN GOLD MINES LIMITED

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

## 4) Expenses recognised during the year

Particulars	Gratuity Funded	
	2017-18	2016-17
In Income Statement	-	-
Current Service Cost	48	51
Interest Cost	4	-
Return on Plan Assets	-	-
Past Service Cost	7	-
Net Cost	59	51
In Other Comprehensive Income	-	-
Actuarial (Gain)/Loss	-2	-
Net(Income)/Expense for the period Recognised in OCI	57	51

## 5) Acturial Assumptions

Particulars	Gratuity Funded	
	2017-18	2016-17
Discount Rate(per annum)	7.60%	7.35%
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 give

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/-0.5%)	114	102	54	48
Change in rate of Salary increase (delta effect of +/-0.5%)	103	113	46	54

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, 2018	31st March 2017
1	Exports	-	-

**Expenditure**

Sl. No.	Particulars	For the year ended	
		31st March, 2018	31st March 2017
1	Import of Materials	-	-
2	Professional Fees	12,597	51,087
3	Analysis Charges	-	13,887
4	Travelling & Other Expense	35	1,285
	<b>Total</b>	<b>12,632</b>	<b>66,259</b>

**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

**Transactions with Related Parties**

Particulars	For the year ended	
	31st March, 2018	31st March 2017
Allotment of Shares(See Note No.27)	87,285	-
Repayment of advances received from holding Company	-	2,500
Reimbursement of Exploration Expenses given to Holding Company (Excluding Taxes)	8,214	8,234
Travelling & Other Expense	35	1,285
<b>Total</b>	<b>12,632</b>	<b>66,259</b>

**Note – 25: Contingent Liabilities Not Provided For**

Particulars	For the year ended	
	31st March, 2018	31st March 2017
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, 2018	31st March 2017
a)	No of Shares at the beginning of the year	13,000.00	13,000.00
b)	No of Shares at the end of the year	13,555.00	13,000.00
c)	Weighted average number of Equity Shares outstanding during the year	13,001.52	13,000.00
	EPS		
a)	Net Profit available for Equity Shareholders (Rs. in crores)	(5,775.00)	2,470.00
b)	Basic Earning Per Share (in Rs.)	(444.16)	190.01
c)	Diluted Earning Per Share (in Rs.)	(444.16)	190.01

## Note – 27: Note on Further Issue of Equity Shares

During the 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 are 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, 2018	31st March 2017
Auditor's Remuneration		
For Audit	35	25
For Taxation	-	5
For Other Matters	-	2
<b>Total</b>	<b>35</b>	<b>32</b>

## Note – 29: Reconciliation of Profit and Equity between Ind AS and previous GAAP

The company adopted Indian Accounting Standards ("Ind AS") from 1 April 2016 and accordingly these results has been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34, Interim Financial Reporting prescribed under section 133 of the companies act 2013 read with the relevant rules issued there under and other accounting pronouncements generally accepted in India. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34.

**ANNUAL REPORT 2018****DECCAN EXPLORATION SERVICES PRIVATE LIMITED****Amount (₹ '000)**

Reconciliation of equity as on 01.04.2016 &amp; 31.03.2017 as previously reported under Previous GAAP to Ind AS

Particulars	As on 31.03.2017	As on 01.04.2016
Equity reported under Indian GAAP	361,661	359,191
Adjustments		
Impact on account of recognition of development of Gold Mining Assets		
Impact on account of recognition of Exploration and Evaluation Assets which is transferred from Holding Company Deccan Gold Mines Ltd.	(9,976)	(9,976)
Impact on account of recognition of development of Ganajur Gold Mines which is transferred from Holding Company Deccan Gold Mines Ltd.	(77,309)	(77,309)
Impact on account of recognition of development of Ganajur Gold Mines	79,391	79,391
Impact on account of recognition of Exploration and Evaluation Assets	9,976	9,976
Equity reported under Indian Ind AS	3,63,743	3,61,273

Reconciliation of Profit for the year ended 31.3.2017 as per Indian GAAP and as per Ind AS

Particulars	As on 31.03.2017
Net Profit reported under Indian GAAP	2,380
Adjustments	
Impact on account of Preliminary Expenses	90
Net Profit reported under Ind AS	2,470

For and on behalf of Board of Directors

As per our report attached  
For Rao & Venkatesulu

Chartered Accountants

S.C.R. PESHWA  
DirectorK. KARUNAKARAN  
DirectorK.Y. NINGOJI RAO  
PartnerPlace: BENGALURU  
Date: 30th APRIL, 2018Membership No.: 018278  
Firm Reg No.: 003108S