



NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Shareholders of the Company will be held at Walchand Hirachand Hall, 4th floor LNM IMC Building, Indian Merchants' Chambers Marg, Mumbai -400 020 on Friday, 24th September 2004 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2004 and the Profit and Loss Account made upto that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ashok Kumar Gupta who retires from the office by rotation, and being eligible offers for reappointment.
3. To reappoint the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. **To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:**

“RESOLVED THAT Prof. V.K.Gaur who was appointed as an Additional Director of the Company with effect from 24th April 2004, and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956, but who is eligible for reappointment and in respect of whom the Company has received a notice in writing from a member of the Company pursuant to the provisions of Section 257 of the Act signifying his intention to propose his appointment as Director of the Company be and is hereby appointed as Director of the Company”.

5. **To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:**

“RESOLVED THAT Dr. M. Ramakrishnan who was appointed as an Additional Director of the Company with effect from 24th April 2004, and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956, but who is eligible for reappointment and in respect of whom the Company has received a notice in writing from a member of the Company pursuant to the provisions of Section 257 of the Act signifying his intention to propose his appointment as Director of the Company be and is hereby appointed as Director of the Company”.

6. **To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:**

“RESOLVED THAT Mr. K. R. Krishnamurthy who was appointed as an Additional Director of the Company with effect from 24th April 2004, and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956, but who is eligible for reappointment and in respect of whom the Company has received a notice in writing from a member of the Company pursuant to the provisions of Section 257 of the Act signifying his intention to propose his appointment as Director of the Company be and is hereby appointed as Director of the Company”.

7. **To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 198,269,309,311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII and guidelines for managerial remuneration issued by the Central Government from time to time, the Company hereby approves of the appointment by the Board of Directors (“the Board”) of Mr. Sandeep Lakhwara as Managing Director on a salary of Rs. 70,000/- per month with effect from 1st May 2004 for a period of 3 years



with liberty to either party to terminate the appointment on three months notice in writing to the other, with further liberty to the Board of Directors to increase the salary and/or revise the terms of employment, from time to time in such manner as may be in the best interest of the Company subject however to the restrictions, if any, contained in the Companies Act, 1956, including Schedule XIII thereto as amended upto date.

“Provided that where, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay the above salary to the Managing Director as and by way of minimum remuneration subject to the applicable provisions of Schedule XIII of the said Act”.

By Order of the Board

Bangalore
31st July 2004

Manoj Deshmukh
Company Secretary

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- Pursuant to the provisions of Section 173(2) of the Companies Act 1956, Explanatory Statement in respect of Item nos. 4 to 7 of the Notice is given in Annexure I.
- Members are requested to send all their documents and communication pertaining to shares to Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup West, Mumbai- 400 078, Telephone No. 91 22 55555454, Fax- 91 22 55555353, E-mail- isrl@vsnl.com for both physical and demat segment of Equity Shares. Please quote on all correspondence Unit- Deccan Gold Mines Limited.
- Members are requested to notify changes in addresses, if any, immediately to Intime Spectrum Registry Limited, Share Transfer Agents of the Company, quoting their folio numbers.
- Pursuant to the provisions of Clause 49 of the Listing Agreement, details of Directors seeking appointment/re-appointment at the Annual General Meeting is given in Annexure II.
- Members who wish to obtain any information on the Company or view the Accounts for the financial year ended 31st March 2004, may visit the Company's website www.deccangoldmines.com or send their queries at least 10 days before the Annual General Meeting to the Company Secretary at Company's Registered Office at 49A, Nariman Bhavan, Nariman Point, Mumbai -400 021.
- Members / Proxies attending the Meeting are requested to bring their copy of the Annual Report for the reference at the Meeting as also the Attendance Slip duly filled in for attending the meeting.
- Register of members and share transfer books will remain closed from Saturday, 18th September 2004 to Friday, 24th September 2004 (both days inclusive).



ANNEXURE I

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

Item No. 4

Prof. V.K. Gaur was appointed as an Additional Director by the Board of Directors of the Company with effect from 24th April 2004. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Prof. V.K.Gaur holds office upto the date of ensuing Annual General Meeting. The Company has received a notice alongwith a deposit of Rupees Five Hundred from a member of the Company pursuant to the provisions of Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Prof. V.K.Gaur as Director of the Company.

The appointment of Prof. V.K. Gaur as Director of the Company is in the interest of the Company and the other Directors recommend the resolution for your approval.

None of the Directors of the Company other than Prof. V.K. Gaur is concerned or interested in the resolution proposed.

Item No. 5

Dr. M Ramakrishnan was appointed as an Additional Director by the Board of Directors of the Company with effect from 24th April 2004. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Dr. M Ramakrishnan holds office upto the date of ensuing Annual General Meeting. The Company has received a notice alongwith a deposit of Rupees Five Hundred from a member of the Company pursuant to the provisions of Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Dr. M. Ramakrishnan as Director of the Company.

The appointment of Dr. M. Ramakrishnan as Director of the Company is in the interest of the Company and the other Directors recommend the resolution for your approval.

None of the Directors of the Company other than Dr. M. Ramakrishnan is concerned or interested in the resolution proposed.

Item No. 6

Mr. K.R. Krishnamurthy was appointed as an Additional Director by the Board of Directors of the Company with effect from 24th April 2004. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. K.R. Krishnamurthy holds office upto the date of ensuing Annual General Meeting. The Company has received a notice alongwith a deposit of Rupees Five Hundred from a member of the Company pursuant to the provisions of Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. K.R. Krishnamurthy as Director of the Company.

The appointment of Mr. K.R. Krishnamurthy as Director of the Company is in the interest of the Company and the other Directors recommend the resolution for your approval.

None of the Directors of the Company other than Mr. K.R. Krishnamurthy is concerned or interested in the resolution proposed.

Item No.7

The Board of Directors of the Company at its meeting held on 24th April 2004 appointed Mr. Sandeep Lakhwara as Managing Director of the Company for a period of three years with effect from 1st May 2004. Details of his remuneration, recommended by Remuneration Committee and approved by the Board of Directors have been set out in the resolution.

Mr. Sandeep Lakhwara is a Certified Public Accountant from Australia and has extensive experience in international trade, banking and finance and is well versed in gold and base metal exploration arena. He was primarily responsible for the acquisition of this Company and is entrusted with the responsibility to oversee and develop the Company's entire operations in India and internationally.

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In the event of inadequacy or absence of profits in any financial year during his tenure as Managing Director, Mr. Sandeep Lakhwara will be entitled to the remuneration set out in the resolution, as and by way of minimum remuneration.

None of the Directors of the Company other than Mr. Sandeep Lakhwara is concerned or interested in the resolution proposed.

By Order of the Board

Bangalore
31st July 2004

Manoj Deshmukh
Company Secretary

ANNEXURE II

Additional Information pursuant to Clause 49 of the Listing Agreement

Details of Directors seeking appointment/re-appointment in the Annual General Meeting

Name of the Director	Date of Birth	Date of Appointment	Expertise in	Qualification	Other Directorships Chairman/Member of Committees
Mr. Ashok Kumar Gupta	20.05.1950	21.01.2003	Legal and taxation	B.Com. LLB. FCA	Director - 1. Dewan Housing Finance Corporation Ltd. 2. DHFL Vysya Housing Finance Ltd. 3. Punjab & Maharastra Co-op Bank Ltd. 4. DHFL Insurance Services Ltd. 5. DHFL Assets Reconstruction Corporation Ltd. 6. Gold Finger Finance & Investment Pvt. Ltd. Member-Audit Committee 1. Dewan Housing Finance Corporation Ltd. 2. Punjab & Maharastra Co-op Bank Ltd.
Prof. V.K.Gaur	11.07.1936	24.04.2004	Geophysics	M.Sc., Ph.D.	Nil
Dr.M.Ramakrishnan	27.04.1940	24.04.2004	Precambrian geology	D.I.C. Ph.D. B.Sc., AMIE C.Eng.	Nil
Mr. K.R. Krishnamurthy	05.03.1939	24.04.2004	Mining engineering	B.Sc. AMIE C.Eng.	Nil



Letter from the Chairman

Dear Shareholders

It gives me great pleasure to address you as Chairman of India's first listed gold exploration company.

Whilst Deccan Gold Mines Limited in its present form is only about a year old, its genesis can be traced back to 1994 when its founding investors recognized the significance of the Indian Government's decision to allow private investment in mining for gold and base metals after nearly 50 years of state monopoly. This was largely brought about by substantial amendments to the Mines and Mineral (Development and Regulation) Act 1957 (MMDR) and more recent changes, which has created a legislative and regulatory framework for companies like Deccan Gold to operate.

It has been my ambition for the last several years to develop India's huge gold mining potential through detailed exploration of various areas in the country. Some of these areas share a close geological and metallogenic similarity with parts of Western Australia and Africa where large gold deposits have been found. We have now prepared a comprehensive data base on the geology and mining history of India for gold, based on which Deccan Gold undertakes exploration activities.

India's mineral potential has now attracted the interest of some of the world's largest mining houses including BHP Billiton, De Beers, and RTZ. As we see it, India has opened a window of opportunity for free enterprise to create a new world class mining house. Our vision is to see Deccan Gold grow into a large Indian gold mining corporation on par with the best in the world. In this respect, I note that we have been approached by some major international gold companies to join hands with us to fast track the development of Deccan Gold into this large gold mining corporation.

I remain absolutely confident that within our projects are hidden some large gold deposits. It is a matter of using the best exploratory techniques, an expert geological team, appropriate funding and persistence to get to these deposits. As our attached annual report on "Progress in Exploration for Gold in India" indicates we have made some very satisfying progress in this respect. Please do take the time to read it and feel free to contact any member of our team of geologists to assist you with understanding the report.

Finally, let me thank our shareholders for their support during the recent rights issue. I would also like to emphasize to all of you that Deccan Gold is the end result of our 10 years of presence in India and that your management is absolutely committed to ensuring its long term success.

Warm Regards,

Charles E. E. Devenish
Chairman



Chairman	Mr. Charles E. E. Devenish
Managing Director	Mr. Sandeep Lakhwara
Directors	Mr. Ashok Kumar Gupta Prof. V.K.Gaur Dr. M. Ramakrishnan Mr. K.R. Krishnamurthy Mr. M. R. Menon (Alternate Director to Mr. Charles Devenish)
Head Legal & Company Secretary	Mr. Manoj Deshmukh
Auditors	V.K. Beswal & Associates Chartered Accountants, Mumbai
Solicitors	Kochhar & Co, Mumbai
Bankers	Standard Chartered Bank
Registrars & Share Transfer Agents	Intime Spectrum Registry Limited Pannalal Silk Mills Compound, C-13, L.B.S. Marg, Bhandup (West) Mumbai - 400 078 Tel : 91 22 55555454 Fax : 91 22 55555353 E-mail : isrl@vsnl.com
Registered Office	49A Nariman Bhavan Nariman Point, MUMBAI 400 021 Tel: 91 22 22026026/ 22874839 Fax: 91 22 22020820 E-mail : info@deccangoldmines.com www.deccangoldmines.com
Corporate Office	12 SBI Colony, 7th Main, 3rd Block, Koramangala, BANGALORE 560 034 Tel: 91 80 25506974/ 91 80 25506977 Fax: 91 80 25506973 E-mail : info@deccangoldmines.com

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(A) INTRODUCTION:

Deccan Gold Mines Limited is the only gold exploration Company in India listed on the Stock Exchange. It has been promoted by a group of Australian investors. It has entered into agreements to acquire large tenements of gold prospects on which it is undertaking exploration activities with a view to discovering economically viable gold deposits suitable for exploitation.

(B) INDUSTRY OVERVIEW:

India is amongst the world's leading producers of bauxite, bituminous coal, iron ore and zinc. It has however substantially lagged behind the rest of the world for gold production. The Republic of South Africa, followed by Australia and The United States of America were the world's leading gold producers contributing 17.3%, 10.6% and 10.2% respectively to the world mine production in 2003. India produces only about 3 tons of gold a year from gold ore and about 6 tons a year as a by product of copper mining. In comparison, Australia produces about 280 tons of gold a year, from 116 mines. According to World Gold Council, the total mine supply of gold, after net producer hedging, was 2303 tons in the year 2003. The total world gold demand in the same year was 3230 tons. The shortfall was met through official sector sales and old gold scrap.

India remains the largest consumer of gold in the world with demand running at about 800 tons a year or approximately a quarter of the total world gold demand. The Indian geological literature refers to hundreds of localities with known gold mineralisation, often marked by old gold workings, or where local inhabitants pan for gold. These localities mostly occur in the Southern Indian Dharwar Craton in Karnataka, Andhra Pradesh, Tamil Nadu, and in the Proterozoic provinces of Uttar Pradesh, Madhya Pradesh, Maharashtra and Bihar.

Until recently, the greenstone belts of the Dharwar Craton in Karnataka hosted India's only two major gold mines, at Kolar and Hutti. The Kolar mineralized system is 8 km in strike and 2 km wide. The mine is now shut down, after producing 800 tons of gold from 50 million tons of ore, at an average grade of 16g/t of gold. The Hutti mine has produced 100 tons of gold from its underground operations since 1898. Its mineralized system is 4 km in strike and 1 km wide. The Hutti ore body is currently being mined at a depth in excess of 800 metres.

The Kolar and Hutti gold ore bodies, combined, were approximately equal in size to the mineralized system known as the "Golden Mile", at Kalgoorlie in Western Australia. Originally mined by several separate underground operations, the Golden Mile is now a very large open pit operation, profitably working on a grade of 2 g/t gold- one fifth the historical grades of the underground mines.

Exploration for low grade gold deposits in Australia initially concentrated on known areas of old workings but exploration has now extended to buried "blind" deposits using sophisticated geophysical and geochemical techniques and deeper drilling. Drilling techniques to sample buried mineralisation have been greatly improved by the development of percussion and reverse circulation drills.

India has yet to see these innovations in prospecting for low grade gold ores. Further, there has been a kind of "tunnel vision" evident in the reports of most Indian gold exploration programs. Diamond drill cores are usually selectively sampled only for visible quartz veins, ignoring alteration haloes in wall rock which could host low grade but economic concentrations of gold.

India has also lacked the massive investments of capital raised on stock exchanges by individual entrepreneurs and companies, big and small, foreign and domestic, which funded the transformation of gold mining in Australia, Canada and elsewhere.

There can be little doubt that the application of modern intense exploration methods for gold, funded by substantial amounts of private risk capital, will result in the discovery and development of new gold



resources to feed India's seemingly insatiable demand for the yellow metal.

(C) PERFORMANCE:

During the year, the Company undertook exploration activities on 5 prospects, being transferred to the Company, namely - North Hutti, South Hutti, Mangalur and Dharwar-Shimoga belt in Karnataka and Ramagiri in Andhra Pradesh. The results to date from the exploration activities on all these prospects are very encouraging. Details on the activities undertaken, the results there from and future work to be undertaken by the Company on its prospects is provided under the heading "Report on Exploration Activities" at the beginning of this Annual Report.

The Company incurred a total expenditure of Rs 62,54,626 on exploration on its prospects for the year ended 31st March 2004. No such expenditure was incurred in the previous financial year. A break up of this expenditure is as follows. An amount of Rs 25,70,932 was spent on laboratory analysis of samples collected from the various prospects. An amount of Rs 26,75,259 was spent on preliminary drilling and the remainder of expenditure on general exploration work.

Administrative costs for the year ended 31st March 2004 were Rs. 2946660 compared to Rs. 212858 for the year ended 31st March 2003. The increase in costs reflects the increase in the level of activities undertaken by the Company during the year.

The net loss of the Company for the year ended 31st March 2004 was Rs. 3726420 compared to Rs. 779756 for the year ended 31st March 2003. Exploration companies by their very nature will not generate revenues until commencement of mining operations.

The Company's working capital position as at 31st March 2004 was Rs. 40075178 compared to Rs. 1039436 for the year ended 31st March 2003. The betterment in the working capital position was due to injection of funds into the Company through a rights issue. Whilst the present working capital is sufficient for the Company's foreseeable needs over the ensuing nine months, the Company is currently evaluating alternatives to secure additional future funding to supplement its working capital.

During the year, the Company completed its Rights Issue successfully and the funds raised are being utilized in undertaking exploration activities and providing working capital for the Company. Details of the enhanced capital structure of the Company and the funds raised pursuant to the Rights issue have been provided elsewhere in this report.

The Company is continuously searching for additional promising prospecting areas. The Company has also directly made Reconnaissance Permit (RP) applications over large areas covering the following belts-

South Hutti Belt in Karnataka: 1000 sq km

Mangalur Belt in Karnataka: 408 sq km

Harapanahalli block in Chitradurga Belt in Karnataka: 1370 sq km

Hiriyur block in Chitradurga Belt in Karnataka: 596 sq km

Ramagiri Belt in Andhra Pradesh: 2430 sq km

(D) RISKS AND CONCERNS

The Company is carrying out exploration activities on prospects which are yet to be transferred to the Company. The prospects will be transferred immediately upon execution of Prospecting Licences (PLs) in favour of companies associated with Deccan Gold Mines Ltd. Applications for the grant of PLs have been lodged by these associated companies with the various government authorities and in some cases have been pending with the authorities for several months. The progress of the PL applications is being monitored. Deccan Gold Mines Limited has received undertakings from these associated companies to transfer the PLs to the Company upon grant of PLs by the government authorities. The mining regulations permit the transfer of the PLs from one entity to another.

The Company is exposed to many technical and operational risks, such as unexpected ground conditions, inclement weather, industrial disruptions and incorrect estimates of geology and ore resources that are associated with any exploration project. The Company's projects may sometimes involve long gestation periods. Exploration is a speculative endeavor that may never result in finding economic deposits. There



is no guarantee that capital expended on exploration will result in further discoveries, or that such discoveries will be economically viable.

Changes in governments and their respective policies, bureaucratic processes that cause delays in the grant of approvals, a still developing private gold exploration sector with new regulations that are yet to be legally tested are just some of the risks that may affect investment.

The ability of the Company to benefit from its investment in the exploration sector would be dependent on market factors that control the world market prices for gold. There are many variables in the world market price equation and for this reason the gold prices may fluctuate over time. Investment and future returns or revenues will be exposed to these fluctuations. No assurance can be given that future funding will be available for the company on favorable terms or at all. If adequate funds are not available on acceptable terms the company may not be able to develop its projects.

Your directors however believe that they have adequate experience and access to expertise and capital sources that will enable the Company to successfully develop its projects.

(E) OUTLOOK AND OPPORTUNITIES

Funds raised from its Rights Issue during the year have enabled the Company to undertake exploration activities and early results from these activities are very encouraging. There is a close geological and metallogenic similarity between India and the gold producing nations of Australia and Africa. The opportunity to make economically viable gold discoveries within the areas being explored by the Company therefore remains quite strong. Exploration activities in India have been hitherto limited to the government agencies such as The Geological Survey of India. The entry of private sector investment into the exploration industry with its ability to bring more capital and expertise will considerably help in tapping into the gold resources known to exist in the country.

The Company has been approached by international gold mining houses wanting to enter into joint venture arrangements with the Company to fast track the development of the Company's projects. The Company has also approached Investment Bankers in the United Kingdom and Canada who have access to equity capital for exploration projects. The response from these Investment Bankers has been very encouraging. Internationally, the Company's gold projects are being rated highly and more particularly the results of our exploration work to date is attracting a lot of positive attention.

Gold's demand and supply factors are changing in gold's favour. A strong case can be made for significant growth in each of gold's demand components of jewellery, other fabrication uses, hedging repurchases and investment demand. At the same time forces are causing a major reduction in supply. Gold in the ground is a depletable resource. Over time, operating mines run out of ore and companies need to find and develop new mines. Additionally, the unwinding of the large hedge (short) position should both increase demand and reduce supply thereby putting strong upward pressure on the price of gold.

(F) ADEQUACY OF INTERNAL CONTROL SYSTEMS:

The Company maintains adequate internal control systems, which assure proper recording of transactions of its operations and also ensure protection against misuse or loss of the Company's assets. The Company has formed an Audit Committee and has assigned to it tasks that will further strengthen the internal audit system.

(G) CAUTIONARY NOTE:

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include the availability of economically viable deposits, changes in Government regulations, tax regimes, economic developments in India and other incidental factors.

**Charles E.E. Devenish**

Chairman

Mr. Charles Devenish was the founder and first chairman of two publicly listed companies in the 80's and 90's that pioneered diamond exploration in Australia. For 38 years he was the principal of Charles Edward Jewellers, one of Australia's leading specialist retail and wholesale outlets with international links in Europe, Middle East and USA. He also acted as an advisor to the Government of Vietnam on the development of that country's gemstone mining and cutting industry. Mr. Devenish moved to Delhi, India in August 2002 and has been actively liaising with various government departments and providing support and guidance to progress the development of gold exploration and mining industry in India.

Sandeep Lakhwara

Managing Director

Mr. Sandeep Lakhwara is a certified Practicing Accountant and has headed various organizations in the past. He is well versed in the gold and base metal exploration arena both as an investor and Managing Director, and has made several presentations on capital raisings, corporate regulatory requirements and international commodity sector. Mr. Lakhwara moved to the Company's headquarters in Bangalore, India in August 2002 from Australia to oversee and develop the Company's operations in India and internationally. He was primarily responsible for the acquisition and development of Deccan Gold Mines Limited.

Vince Roberts

Exploration Director

Mr. Vince Roberts has over 39 years of experience of Gold and Nickel exploration in Australia, Fiji, Zimbabwe, Mozambique, Papua New Guinea, Republic of Yemen, Brazil and USA. He is a Fellow Member of the Australian Institute of Mining and Metallurgy with Chartered Status and Fellow of Society of Economic Geologists, USA. He is also a Member of Mineral Industry Consultants Association, Society of Exploration Geophysicists. Some of the discoveries of mineral deposits and/or ore bodies Mr. Roberts has been closely associated with are: Sandy Creek Alluvial Gold Mine, Normay Gold Mine, North Morning Star Gold Mine, Monarch Gold Deposits, Inco's Mt. Edwards Nickel Mine (Western Australia), Suwar Nickel Copper Deposit (Republic of Yemen), Serra da Fortaleza Nickel Mines (Brazil). Vince is based in Bangalore. His role is to oversee the Company's exploration activities and more particularly lead the advanced projects to feasibility studies to determine the economics of mining.

Dr.V. N. Vasudev

Chief Geologist

Dr. V. N. Vasudev is a Chief Geologist. He has published several papers on the geology, structure, gold and sulphide mineralization in Archaean greenstone belts of Dharwar Craton. He has also undertaken overseas research in southeast Greenland and was associated with Russian geologists in a research project on Kolar Gold Fields, India. He was with Government of Karnataka, Department of Mines and Geology as a senior Geologist and Mining Geologist of Chitradurga Copper Company Limited. He has carried out extensive literature research and field reconnaissance throughout India for the Company.

Ashok Kumar Gupta

Director

Mr. Ashok Kumar Gupta is a Fellow Member of the Institute of Chartered Accountants of India and has a substantial practice based in Mumbai, India. He is also on the Board of other listed/unlisted companies. Mr. Gupta has wide exposure of financial activities and has sound knowledge and experience on funds mobilisation, project advisory and financing, working capital arrangements, etc.

Professor V K Gaur

Director

Prof. V K Gaur is an eminent Geoscientist of this country. He is a former Director of the National Geophysical Research Institute. He is a Distinguished Scientist of the Council of Scientific and Industrial Research and a distinguished Professor of the Indian Institute of Astrophysics.

Dr. M. Ramakrishnan

Director

Dr Ramakrishnan is a well-known Precambrian Geologist. He was earlier Senior Deputy Director General of the Geological Survey of India. He is a Fellow Member of the Indian academy of Sciences and Vice President of the Geological Society of India.

K. R. Krishnamurthy

Director

Mr. K. R. Krishnamurthy is very well known Mining Engineer. He was General Manager of Chitradurga Copper Company Limited and Manager at Ashanti Gold Fields, Ghana for 10 years. He was also Mining Consultant to Bharat Gold Mines Limited and many mineral based industries in India and abroad.

Manoj Deshmukh

Head-Legal & Company Secretary

Mr. Manoj Deshmukh is a law graduate and Fellow Member of the Institute of Company Secretaries of India. He has more than 15 years of experience in the field of Company Law and other corporate laws. During this span of his career, he has handled number of take-overs, mergers, amalgamations, IPOs joint ventures, foreign collaborations, etc. He is in charge of legal and secretarial matters and looks after compliances under various statutes.



AUDITORS' REPORT ON CORPORATE GOVERNANCE

TO
THE MEMBERS,
DECCAN GOLD MINES LIMITED
(Formerly Wimper Trading Limited)

We have reviewed the implementation of Corporate Governance procedures by DECCAN GOLD MINES LIMITED (FORMERLY WIMPER TRADING LIMITED) during the year ended 31st March, 2004 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange, with relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our review and according to the information and explanations given to us, and the representations made by Directors and the Management, the conditions of Corporate Governance as stipulated in Corporate Governance Clause 49 of the Listing Agreement with the Stock Exchange have been complied with by the Company and that no Investor Grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Investor Grievance Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V.K. BESWAL & ASSOCIATES**
CHARTERED ACCOUNTANTS

31st July 2004
Mumbai

R.P. LADDHA
PARTNER
M.NO.48195



REPORT ON CORPORATE GOVERNANCE

The Directors of the Company believe that good corporate governance improves company performance, enhances corporate social responsibility and benefits all stakeholders. Accordingly, the Board has established a corporate governance framework to ensure that these intentions are met and that all stakeholders are informed about the affairs of the Company.

The code of corporate governance has become applicable to the Company with effect from 20th March 2004 only being the date of increase in paid up equity capital beyond the threshold limits. Accordingly, in a meeting of the Board of Directors of the Company held on 24th April 2004, the Board has taken necessary steps in compliance with the Corporate Governance requirements.

A. Board of Directors

1. Size and composition of the Board

As on 31st March 2004, the Board of Deccan Gold Mines Limited consisted of 3 Directors, all of them being Non-Executive Directors, having rich and varied experience. The constitution of the Board as on 31st March 2004 is as given below:

Director	Executive/Non-Executive /Independent	No. of other Directorships	No. of Outside Committees	
			Chairman	Member
Mr. Charles E. E. Devenish	Non-Executive, Non-Independent	4	---	---
Mr. Sandeep Lakhwara	Non-Executive, Non-Independent	4	---	---
Mr. Ashok Kumar Gupta	Non-Executive, Independent	6	---	2
Mr. M. R. Menon #	Non-Executive Independent	2	---	---

Mr. M. R. Menon is an Alternate Director to Mr. Charles Devenish

NOTE: Post 24th April 2004, the Board of Directors consists of 6 Directors comprising of one Non-Executive Chairman, one Managing Director and 4 Non-Executive Independent Directors.

2. Cash Compensation to the Directors for the financial year ended 31st March 2004

No remuneration has been paid to any Director during the year ended 31st March 2004 except the Board Meeting sitting fees. The details of sitting fees paid during the year are given below.

Name of the Directors	Sitting fees paid during the year
Mr. Ashok Kumar Gupta	Rs. 20,000/-
Mr. M.R. Menon	Rs. 20,000/-

* The Company started paying Board Meeting sitting fees from 18th December 2003.

B. Board Meetings

1. Scheduling and selection of agenda items for board meetings

Agenda for each meeting along with explanatory notes are drafted and distributed well in advance to the directors. The Board meets at least once a quarter to review the quarterly results and other items on the



agenda, and also on the occasion of the annual shareholders' meetings. When necessary, additional meetings are held. The gap between two Board meetings is never more than 4 months.

Eight Board meetings were held during the year ended March 31, 2004. These were on 7th April 2003, 20th May 2003, 27th June 2003, 12th July 2003, 30th September 2003, 28th October 2003, 18th December 2003 and 30th January 2004. Table hereunder gives the attendance record of the directors.

Table

Name of the Director	Number of Board Meetings attended	Whether attended last AGM
Mr. Sandeep Lakhwara	8	Yes
Mr. Charles E. E. Devenish	5	Yes
Mr. Ashok Gupta	7	Yes
Mr. M. R. Menon #	2	No

Mr. M.R. Menon has attended Board Meeting as Alternate Director to Mr. Charles Devenish.

2. Availability of information to the members of the Board

The Board has unfettered and complete access to any information within the Company, and to any employee of the Company. At the meetings of the Board, it welcomes the presence of such persons who can provide additional insights into the items being discussed.

3. Materially significant related party transactions

There have been no materially relevant related party transactions for the year ended March 31, 2004, which have potential conflict with the interests of the Company at large.

C. Board Committees

Currently, the Board has three committees - the Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee. All these three Committees were constituted by the Board in its meeting held on 24th April 2004. The Audit Committee and Remuneration Committee comprises of 3 members all of whom are non-executive Directors. The Shareholders/Investor grievance committee comprises of 3 Members. The Chairman of the said committee is a Non-Executive, Independent Director.

The Board is responsible for the constitution, co-opting and fixing the terms of service for committee members to various committees.

1. Audit Committee

The audit committee comprises of following members.

Mr. K. R. Krishnamurthy - Chairman

Dr. M. Ramakrishnan

Mr. Charles E. E. Devenish

Mr. K. Karunakaran

Mr. Manoj Deshmukh, Company Secretary, acts as Secretary to the Committee.

The role and terms of reference of the Audit Committee covers the matters specified for Audit committees under Clause 49 of Listing Agreement as well as in Section 292A of the Companies Act, 1956.

2. Shareholders/Investor Grievance Committee:

The Shareholders/Investors grievance Committee comprises of following members :

Mr. K. R. Krishnamurthy - Chairman

Dr. M. Ramakrishnan

Mr. Sandeep Lakhwara



The Committee has the mandate to review and redress shareholder grievances and to attend to share transfers and other related matters.

3. Remuneration Committee

The Remuneration Committee comprises of the following members:

Mr. K. R. Krishnamurthy - Chairman

Dr. M. Ramakrishnan

Mr. Charles E. E. Devenish

D. Management Discussion and Analysis

Report on Management Discussion and Analysis forms a part of the Annual Report for the year ended March 31, 2004.

E. Shareholders

1. Disclosures regarding appointment or re-appointment of Directors

Pursuant to the provisions of Section 255 of the Companies Act, 1956, Mr. Ashok Kumar Gupta shall retire by rotation in the forthcoming Annual General Meeting. The Board has recommended the re-election of Mr. Ashok Gupta to the shareholders.

Prof. V. K. Gaur, Mr. K. R. Krishnamurthy and Dr. M. Ramakrishnan who were appointed as Additional Directors with effect from 24th April 2004 shall vacate office at the ensuing Annual General Meeting. The Company has received notices under Section 257 of the said act from shareholders proposing the candidature of Prof. V. K. Gaur, Mr. K. R. Krishnamurthy and Dr. M. Ramakrishnan for the office of Director of the Company.

The detailed resumes of the aforesaid Directors proposed to be appointed/re-appointed is provided in the notice of the Annual General Meeting.

2. Communication to the Shareholders

The quarterly results of the Company are published in two newspapers in compliance with the provisions of Clause 41 of the listing agreement. Generally, the same are published in leading English and Marathi newspapers. As the results of the Company are published in newspapers, half-yearly reports are not sent to each household of shareholders. The quarterly results as well as the proceedings of the Annual General Meeting are submitted to the Stock Exchange, Mumbai shortly after the conclusion of the respective meetings.

3. Investors' grievance and share transfers

As mentioned earlier, the Company has a board-level Investors Grievance Committee to examine and redress shareholders and investors' complaints.

For matters regarding shares transferred in physical form, share certificates, change of address, etc. shareholders should communicate with Intime Spectrum Registry Limited, the Company's registrar and share transfer agent. Their address is given in the section on Shareholder information. Mr. Manoj Deshmukh, Company Secretary is the Compliance officer of the Company.

4. Disclosures

There are no materially significant related party transactions i.e. transactions, material in nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc. having potential conflict with the interest of the Company at large.

There has been no non-compliance of any legal requirements by the Company; nor has there been any strictures imposed by the Stock Exchange or SEBI on any matters relating to the capital market during the financial year ended 31st March 2004.



5. General body meetings.

Details of last three Annual General Meetings are given hereunder

Year	Date	Venue	Time
2001	31/08/2001	Air India Building, 14th Floor, Nariman Point, Mumbai 400 021	1:00 p.m.
2002	28/09/2002	Air India Building, 14th Floor, Nariman Point, Mumbai 400 021	11.00 a.m.
2003	30/09/2003	49A, Nariman Bhawan, 227, Nariman Point, Mumbai 400 021	11.00 a.m..

No special resolution/s were passed in last three Annual General Meetings.

6. Postal Ballots

No resolutions were passed by way of Postal Ballots during the year ended 31st March 2004.

Shareholder Information

1. Date, time and venue of Annual General Meeting of Shareholders to be held
24th September 2004 at 3.00 p.m. at LNM IMC Building, Indian Merchants' Chambers Marg, Mumbai - 400 020
2. Dates of book closures
18th September 2004 to 24th September 2004 (both days inclusive)
3. Dividend Payment
Nil
4. Financial Calendar (tentative and subject to change)
Financial reporting for quarter ended
June 30, 2004 : July 31, 2004
September 30, 2004 : October 31, 2004
December 31, 2004 : January 31, 2005
March 31, 2005 : April 30, 2005
Annual General Meeting for year ended
31st March 2005 : 30th September 2005
5. Listing on stock exchanges
The Stock Exchange, Mumbai
6. Listing fees
Paid for year 2004-2005
7. Registered office
49A, Nariman Bhavan,
Nariman Point,
Mumbai 400 021.
Tel.: (022) 22026026
Fax.: (022) 22020820
Email.: info@deccangoldmines.com
8. Registrar and Share Transfer agents
Intime Spectrum Registry Limited
Pannalal Silk Mills Compound,
C-13, L.B.S. Marg, Bhandup (West),
Mumbai 400 078.
Tel.: (022) 55555454
Fax.: (022) 55555353
Email: isrl@vsnl.com
9. Share Transfer System
Shares sent for physical transfer are generally registered and returned within a period of 15-20 days from the date of receipt, if the documents are clear in all respects. The Share Transfer Committee of the Company meets as often as required.

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10. Investor Services complaints during the year

No Investor Grievance was received during the year.

11. Stock Market price data

Monthly high and low at the Stock Exchange, Mumbai for financial year ended 31st March 2004

Month	High Rs.	Low Rs.	BSE Sensex	
			High	Low
April, 2003	-	-	3221	2904
May	59.50	49.60	3200	2935
June	-	-	3633	3170
July	71.40	71.40	3836	3534
August	94.85	78.50	4278	3722
September	120.90	99.65	4474	4098
October	128.30	120.95	4951	4433
November	130.85	130.85	5135	4737
December	133.45	133.45	5920	5083
January, 2004	6.85	1.92	6250	5568
February	19.50	7.10	6083	5550
March	22.49	8.99	5951	5325

Note.: Consequent to sub-division of face value of Shares from Rs.10/- to Re.1/- per share, the shares of the sub-divided face value of Re.1/- each are being traded since 31st December 2003.

12. a) Distribution of Shareholding as on March 31, 2004

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Amt. in Rs.	% of Total
1 - 500	179	27.66	53996	0.11
501 - 1000	179	27.66	172428	0.34
1001 - 2000	52	8.04	93290	0.18
2001 - 3000	28	4.33	79549	0.16
3001 - 4000	10	1.55	37587	0.07
4001 - 5000	34	5.25	169100	0.32
5001 - 10000	53	8.20	459090	0.89
10001 and above	112	17.31	50384960	97.93
Total	647	100.00	51450000	100.00

b) Category wise Distribution Schedule as on 31st March 2004

Sr. No.	Category	No. of Shares held	%
1.	Promoters	43935734	85.39
2.	Non-Resident Indians	200000	0.39
3.	Private Bodies Corporate	1672989	3.25
4.	Indian Public	5631457	10.95
5.	Others (Clearing Members)	9820	0.02
	Total	51450000	100.00



13. Dematerialisation of shares and liquidity

The Company has established required connectivity with Central Depository Services (India) Limited and National Securities Depository Limited and the same are available in electronic segment under ISIN No. INE945F01025.

14. Address for correspondence

Deccan Gold Mines Limited
49A, Nariman Bhavan,
227, Nariman Point,
Mumbai 400021.

15. Stock Exchange Code 512068

**DIRECTORS' REPORT**

To
The Members,

We have pleasure in presenting the 20th Annual Report of the Company alongwith the audited statements of Accounts for the year ended 31st March 2004. The summarized financial results are given below.

FINANCIAL RESULTS:		(Rs. in '000s)
Particulars	2003-04	2002-03
Total Income	-	123.93
Profit / (Loss) before Taxation	<u>(2946.66)</u>	<u>(91.10)</u>
Less: Provision for Tax	-	-
Profit / (Loss) after Tax	(2946.66)	(91.10)
Balance brought forward	<u>(779.76)</u>	<u>(688.66)</u>
Balance transferred to Balance Sheet	<u>(3726.42)</u>	<u>(779.76)</u>

During the year, the Company incurred Rs. 62.55 lac on exploration activities and Rs. 29.47 lac on administrative and other expenses. The entire amount spent on exploration activities has been transferred to pre-operative expenses.

OPERATIONS:

The Company's business activities entail exploration for gold with a view to discovering economically viable gold deposits for exploitation. During the year, the Company entered into agreements to acquire gold prospects for exploration from Geomysore Services (India) Pvt Ltd and Indophil Resources Exploration Private Limited. Both of these companies are associated to Deccan Gold Mines Ltd. During the year, the Company also successfully raised additional funds of Rs 4.9 crore through a rights issue. These funds were deployed in carrying out exploration activities on five prospects, namely North Hutti, South Hutti, Mangalur and Dharwar-Shimoga belt in Karnataka and Ramagiri in Andhra Pradesh. Results from these prospects so far, have been very encouraging. A detailed report on exploration activities and the results there from is given at the beginning of the Annual Report. The preliminary results from exploration activities will lead the Company into undertaking more detailed and intensive exploration and drilling programs on these prospects, so that the potential mineable resources of gold within these prospects can be identified. In addition to these prospects, which are being transferred to the Company, further applications for Reconnaissance Permits to the various State Governments have also been made by the Company.

RIGHTS ISSUE:

The Company successfully completed its Rights Issue of 4,90,00,000 Equity Share of Re.1/- each for cash at par aggregating to Rs. 4,90,00,000/- during the year. The new shares were listed on the Stock Exchange on 1st April 2004.

SUB-DIVISION OF SHARES:

The Equity Share of the Company of the face value of Rs. 10/- each were subdivided into 10 Equity Shares of Re. 1/- each pursuant to the resolution passed at the Extra Ordinary General Meeting of the Company held on 18th February 2003. The Company had fixed 30th December 2003 as record date for the sub-division. The sub-divided Equity Shares of the face value of Re. 1/- each commenced trading on the Stock Exchange, Mumbai effectively from 31st December 2003.

APPOINTMENT OF NEW SHARE TRANSFER AGENTS:

The Company appointed Intime Spectrum Registry Limited as Share Transfer Agents in place of R&D Consultants Limited with effect from 1st February 2004.



CORPORATE GOVERNANCE:

Note on Corporate Governance along with the Auditors' Certificate as required under Listing Agreement is attached hereto.

DIRECTORS:

Mr. Ashok Kumar Gupta retires by rotation and being eligible, offers himself for re-election.

Prof. V.K.Gaur, Dr. M. Ramakrishnan and Mr. K.R.Krishnamurthy were appointed as Additional Directors of the Company with effect from 24th April 2004. Pursuant to the provisions of Section 260 of the Companies Act, 1956, they hold offices upto the date of ensuing Annual General Meeting and are eligible for re-election. The Company has received notices in writing from members of the Company pursuant to the provisions of Section 257 of the Act signifying their intentions to propose their appointments as Directors of the Company. Accordingly resolutions have been proposed in the Notice convening the forthcoming Annual General Meeting for the appointments of Prof. V.K.Gaur, Dr. M. Ramakrishnan and Mr. K.R.Krishnamurthy as Directors of the Company. If appointed, they shall be liable to retire by rotation.

Mr. Sandeep Lakhwara was appointed as Managing Director of the Company for a period of three years with effect from 1st May 2004. The resolution seeking consent of the members for appointment of Mr. Sandeep Lakhwara as Managing Director of the Company has been set out in the notice convening the Annual General Meeting.

AUDITORS:

The retiring Auditors, M/s. V.K.Beswal & Associates, Chartered Accountants, are eligible for re-appointment and have indicated their willingness to act as such. Members are requested to re-appoint them as Auditors and to fix their remuneration.

RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956 -

- a. Your Directors state that in preparation of the accounts, the applicable accounting standards have been followed.
- b. Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the affairs of the Company as at 31 March 2004 and the loss of the Company for the year ended on that date.
- c. Your Directors have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. Your Directors have prepared the Statement of Accounts for the year ended 31st March 2004 on a going concern basis.

FIXED DEPOSITS:

The Company has not accepted or renewed any deposit from the public during the year under review.

PARTICULARS OF EMPLOYEES:

During the year under review the Company did not have any employee falling under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO:



i. Conservation of Energy and Technology Absorption:

Considering the nature of Company's existing business activities, your Directors have nothing to state in connection with Conservation of Energy and Technology Absorption.

ii. Foreign Exchange Earning & Outgo:

During the year under review, the Company did not have any Foreign Exchange Earnings and Outgo.

ACKNOWLEDGEMENTS:

The Directors wish to thank the Government of India, various State Governments, authorities and above all its shareholders and investors for their continued support and co-operation.

The Directors also wish to place on record the appreciation of the services of all those who helped the Company to complete the Rights Issue during the year successfully.

For and on behalf of Board

BANGALORE
31st July 2004

Charles E. E. Devenish
Chairman



AUDITORS' REPORT

The Members,
DECCAN GOLD MINES LIMITED
(Formerly WIMPER TRADING LIMITED)

We have audited the attached Balance Sheet of DECCAN GOLD MINES LIMITED (Formerly WIMPER TRADING LIMITED), as at 31st March, 2004 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:
 - 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 law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, Profit & Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account.
 - d. In our opinion the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from directors as on 31st March, 2004 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2004, and
 - ii. in the case of Profit & Loss Account, the LOSS of the Company for the year ended on that date.
 - iii. in the case of Cash Flow Statement, the Cash flows for the year ended on that date.

For **V.K. BESWAL & ASSOCIATES,**
CHARTERED ACCOUNTANTS,

Mumbai
31st July 2004

R.P. LADDHA
PARTNER
M.NO.48195



ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 2 of our report of even date)

- i) In respect of fixed assets:
 - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of 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) In our opinion and according to the information and explanation given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- ii) As the Company has not purchased/sold goods during the year nor is there any opening stocks, requirement of reporting on physical verification of stocks or maintenance of inventory records in our opinion, does not arise.
- iii) The Company has neither taken nor granted any loans or advances in the nature of loans from/to parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the question of reporting whether the terms and conditions of such loans are prejudicial to the interests of the Company, whether reasonable steps for recovery/ repayment of overdues of such loans are taken does not arise.
- iv) Having regard to the nature of the Company's business and based on our scrutiny of the Company's records and the information and explanation received by us, we report that the Company's activities do not include purchase of inventory and sale of goods. In our opinion and according to information & explanation received by us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regard to purchase of fixed assets.
- v) Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that there were no transactions during the year that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- vi) Based on our scrutiny of the Company's records and according to the information and explanations provided by the management, in our opinion, the Company has not accepted any public deposits, within the meaning of section 58A of the Companies Act, 1956.
- vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- viii) We have been informed by the management, no cost records have been prescribed under section 209(1)(d) of the Companies Act, 1956 in respect of the Company.
- ix) According to the information and explanation given to us in respect of statutory and other dues:
 - a) The Company is generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and other statutory dues with appropriate authorities when applicable and that there are no undisputed amounts payable on account of the aforesaid statutory dues outstanding as at 31st March, 2004 for a period of more than six months from the date they became payable;
 - b) there are no outstanding disputed statutory dues.
- x) The accumulated losses of the Company are not more than 50% of its net worth as at 31st March 2004. The Company has incurred a cash loss of Rs 27,87,320 in the current financial year. There was no cash loss in the immediately preceding financial year.
- xi) According to the record of the Company, the Company has not borrowed any loan from financial institutions or banks or issued debentures till 31st March, 2004. Hence, in our opinion the question of reporting on defaults in repayment of dues to financial institutions or bank or debenture holders does not arise.



- xii) According to the records of the Company, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) 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 neither a Chit Fund nor a nidhi/mutual fund benefit society. Hence, in our opinion, the requirements of para 4(xiii) of the Order do not apply to the Company.
- xiv) As per the records of the Company and the information and explanations given to us by the management, Company is not dealing or trading in shares, securities, and debentures and other investments.
- xv) According to the records of the Company and the information and explanations provided by the management, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) According to the records of the Company, the Company has not taken any term loan. Hence, comments under the clause are not required.
- xvii) According to the information & explanation given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment by the Company.
- xviii) According to the record of the Company, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) According to the records of the Company, the Company has not issued any debentures.
- xx) The Company has not raised any money through a public issue during the year.
- xxi) Based upon the audit procedure 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.

For **V.K. BESWAL & ASSOCIATES,**
CHARTERED ACCOUNTANTS,

Mumbai
31st July 2004

R.P. LADDHA
PARTNER
M.NO.48195



BALANCE SHEET

BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedules	As at 31.03.2004 (Rs.'000)	As at 31.03.2003 (Rs.'000)
SOURCES OF FUNDS :			
Share holders fund :			
Share Capital	A	51,450.00	2,450.00
TOTAL		51,450.00	2,450.00
APPLICATIONS OF FUND:			
<u>FIXED ASSETS</u>			
Gross Block	B	29.35	—
Less: Depreciation		1.64	—
Net Block		27.71	—
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
Cash & Bank Balances	C	45,981.30	1,016.50
Loans and Advances		540.76	28.59
		46,522.06	1,045.09
Less: Current Liabilities & Provisions			
Current Liabilities	D	6,446.88	5.65
<u>NET CURRENT ASSETS</u>		40,075.18	1,039.44
Misc. Expenditure (to the extent not written off or adjusted)	E	1,366.06	630.80
Pre-operative Expenditure	F	6,254.63	-
Profit & Loss Account		3,726.42	779.76
TOTAL		51,450.00	2,450.00

Notes to Accounts

H

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date

For **V.K. BESWAL & ASSOCIATES,**
CHARTERED ACCOUNTANTS

For and on behalf of the Board

R.P. LADDHA
PARTNER
M.NO.48195

Sandeep Lakhwara
Managing Director

Charles E. E. Devenish
Chairman

MUMBAI
31ST JULY 2004

Ashok Gupta
Director

K.R. Krishnamurthy
Director

Manoj Deshmukh
Head-Legal &
Company Secretary

M.Ramakrishnan
Director

BANGALORE
31ST JULY 2004

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Schedules	Year ended 31.03.2004 (Rs.'000)	Year ended 31.03.2003 (Rs.'000)
INCOME			
Operational Income		-	-
Profit on sale of Investments		-	123.93
		-	123.93
EXPENDITURE			
Administrative & Other Expenses	G	2,946.66	212.86
		2,946.66	212.86
Profit/(Loss) before taxation		(2,946.66)	(88.93)
Less: Provision for Taxation		-	2.17
Profit/(Loss) for the year		(2,946.66)	(91.10)
Add: Balance brought forward		(779.76)	(688.66)
Balance transferred to Balance Sheet		(3,726.42)	(779.76)
Earnings Per Share (in Rs.)		(0.06)	(0.04)

Notes to Accounts

H

The schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date

For **V.K. BESWAL & ASSOCIATES,**
CHARTERED ACCOUNTANTS

For and on behalf of the Board

R.P. LADDHA
PARTNER
M.NO.48195

Sandeep Lakhwara
Managing Director

Charles E. E. Devenish
Chairman

MUMBAI
31ST JULY 2004

Ashok Gupta
Director

K.R. Krishnamurthy
Director

Manoj Deshmukh
Head-Legal &
Company Secretary

M.Ramakrishnan
Director

BANGALORE
31ST JULY 2004

DECCAN GOLD MINES LIMITED



SCHEDULES FORMING PART OF BALANCE SHEET

	As At 31.03.2004 (Rs.'000)	As At 31.03.2003 (Rs.'000)
SCHEDULE `A`		
SHARE CAPITAL :		
Authorised 6,00,00,000 (6,00,00,000) Equity Share of Re.1/- each	60,000.00	60,000.00
	<u>60,000.00</u>	<u>60,000.00</u>
Issued,Subscribed and Paid up : 5,14,50,000 (24,50,000) Equity Share of Re.1/- each fully paid up	51,450.00	2,450.00
	<u>51,450.00</u>	<u>2,450.00</u>

Schedule `B`

(Rs. '000)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost as at 01-04-2003	Addition	Total Cost 31-03-2004	Upto 31-03-2003	For the Year	Additions	Total Upto 31-03-2004	As at 31-03-2004	As at 31-03-2003
COMPUTER	—	29.35	29.35	—	1.64	—	1.64	27.71	—
TOTAL	—	29.35	29.35	—	1.64	—	1.64	27.71	—
PREVIOUS YEAR	—	—	—	—	—	—	—	—	—

	As At 31.03.2004 (Rs.'000)	As At 31.03.2003 (Rs.'000)
SCHEDULE `C`		
CURRENT ASSETS, LOANS & ADVANCES:		
Current Assets:		
Balance with Standard Chartered Bank in Current Account	45,981.30	1,016.50
	45,981.30	1,016.50
Loans & Advances	540.76	28.59
	<u>46,522.06</u>	<u>1,045.09</u>
SCHEDULE `D`		
CURRENT LIABILITIES:		
Sundry Creditors	6,446.88	5.65
	<u>6,446.88</u>	<u>5.65</u>

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SCHEDULE 'E'

	As At 31.03.2004 (Rs.'000)	As At 31.03.2003 (Rs.'000)
MISCELLANEOUS EXPENDITURE		
PRELIMINARY EXPENSES:		
Opening Balance	630.80	-
Add: Additions during the year	-	788.50
	630.80	788.50
Less : 1/5 written off during the year	157.70	157.70
	473.10	630.80
Rights Issue Expenses	892.96	-
	1,366.06	630.80

SCHEDULE 'F'

	As At 31.03.2004 (Rs.'000)	As At 31.03.2003 (Rs.'000)
PRE-OPERATIVE EXPENDITURE		
Exploration expenses at various prospects	6,254.63	-
	6,254.63	-

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2004

SCHEDULE 'G'

	Year ended 31.03.2004 (Rs.'000)	Year ended 31.03.2003 (Rs.'000)
ADMINISTRATIVE & OTHER EXPENSES:		
Salaries & Other benefits	258.26	-
Staff Welfare	106.12	-
Books & Periodicals	12.36	-
Bank Charges	3.48	-
Business Promotion Expenses	5.95	-
Travelling & Conveyance	94.82	-
Electricity charges	3.73	-
Membership & Subscription	88.56	-
Repair & Maintenance	11.01	-
Telephone Expenses	27.18	-
Postage & Telegram	23.58	-
Car Expenses	7.53	-
Rent,Rates & Taxes	148.56	2.30
Advertisements	46.71	10.61
Auditors' Remuneration:		
Audit Fees	32.40	3.30
Directors' Sitting Fees	40.00	3.00
Legal & Professional Fees	1,813.50	7.25
Printing & Stationery	48.29	2.60
Listing Fee	10.00	10.00
Sundry Expenses	5.28	16.10
Depreciation	1.64	-
Preliminary Expenses w/off	157.70	157.70
	2,946.66	212.86



**SCHEDULE 'H' OF SIGNIFICANT ACCOUNTING POLICIES AND
NOTES ANNEXED TO BALANCE SHEET AS AT 31ST MARCH, 2004
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:**

a. Basis of accounting

The financial statements are prepared under the historical cost convention and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

b. Fixed Assets

Fixed Assets are stated at cost of acquisition less depreciation. All costs relating to the acquisition and installation of fixed assets are capitalised.

c. Depreciation

Depreciation is provided as per Written Down Value prescribed under Schedule XIV of the Companies Act, 1956.

d. Taxes on income

The company is not providing any deferred tax asset/liability in compliance with AS-22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India as there are no timing differentials between financial statements and statements as per the Income Tax Act, 1961.

e. Rights Issue Expenses

During the year, the Company completed a Rights Issue of 4,90,00,000 Equity Shares of Re. 1/- each for cash at par to the share holders of the Company in the ratio of 20:1 aggregating to Rs. 4,90,00,000/-. Expenses relating to the Rights Issue have been treated as preliminary expenses.

NOTES TO THE ACCOUNTS

1. Capital Commitments Nil (Nil)
2. Claims made against the Company but not acknowledged as debts Nil (Nil)
3. Contingent Liabilities Nil (Nil)
4. Figures of the previous year has been regrouped/rearranged wherever necessary to make them comparable with current year's figures.
5. Additional information pursuant to para 3 & 4 of par ii of schedule vi of the Companies Act, 1956.
(Rs. in thousand)
 - a. Expenditure in foreign currency Nil (Nil)
 - b. Earning in foreign currency Nil (Nil)
 - c. Payment to Auditors:
- Audit Fees Rs. 32400 (Rs. 3300)
6. Disclosure as required by AS 18 related party transactions issued by ICAI. Directors' sitting fees Rs.40,000



7. Pre-operative expenses

Since the work is in progress for exploration of gold at various sites, commercial production is yet to commence and therefore it is the Company's intention to account all the exploration expenditure of Rs.62,54,630/- as mentioned in schedule 'F' to the Balance Sheet as pre-operative expenditure which will be charged to the profit & loss account as and when the commercial activities/production starts.

For **V.K. BESWAL & ASSOCIATES,**
CHARTERED ACCOUNTANTS

R.P. LADDHA
PARTNER
M.NO.48195

MUMBAI
31ST JULY 2004

For and on behalf of the Board

Sandeep Lakhwara
Managing Director

Ashok Gupta
Director

Manoj Deshmukh
Head-Legal &
Company Secretary

BANGALORE
31ST JULY 2004

Charles E. E. Devenish
Chairman

K.R. Krishnamurthy
Director

M.Ramakrishnan
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2004

	Year ended 31-03-04	Year ended 31-03-03
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax & extraordinary items	(2,946.66)	(88.93)
Adjustment for:		
Add :		
Miscellaneous Expenses written off	157.70	–
Depreciation	1.64	157.70
Less :		
Profit on Sale of Investments	–	–
Operating Profit / (Loss) before working Capital Changes	<u>(2,787.32)</u>	<u>(55.16)</u>
Adjustment for:		
Increase in trade liabilities	6,441.23	–
Loans and Advances	(512.17)	2.65
Net Cash used in Operating Activities (A)	<u>3,141.74</u>	<u>(52.51)</u>
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Investments / Fixed Assets	(29.35)	(70.00)
Sale of Investments	–	1,843.93
Pre Operative expenses	–	(6,254.63)
Net Cash from Financing Activities (B)	<u>(6,283.98)</u>	<u>1,773.93</u>
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Capital raised – Rights Issue	49,000.00	–
Loans & Advances	–	–
Miscellaneous expenditure	(892.96)	(788.50)
Net Cash from Financing Activities(C)	<u>48,107.04</u>	<u>(788.50)</u>
Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	44,964.80	932.92
Cash & Cash equivalents as on 1st April 2003	1,016.50	83.58
Cash & Cash equivalents as on 31st March 2004	<u>45,981.30</u>	<u>1,016.50</u>

NOTES: FIGURES IN BRACKETS REPRESENT OUTFLOW

For **V.K. BESWAL & ASSOCIATES,**
CHARTERED ACCOUNTANTS

For and on behalf of the Board

R.P. LADDHA
PARTNER
M.NO.48195

Sandeep Lakhwara
Managing Director

Charles E. E. Devenish
Chairman

MUMBAI
31ST JULY 2004

Ashok Gupta
Director

K.R. Krishnamurthy
Director

Manoj Deshmukh
Head-Legal &
Company Secretary

M.Ramakrishnan
Director

BANGALORE
31ST JULY 2004



Annual Report 2003-2004

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

State Code	:	11
Registration No.	:	34662
Balance Sheet Date	:	31.03.2004

II. CAPITAL RAISED DURING THE YEAR

(Amount in Rs. '000)

Public Issue	:	Nil
Rights Issue	:	49000
Bonus Issue	:	Nil
Private Placement	:	Nil

III. POSITION OF MOBILISATION AND DEVELOPMENT

(Amount in Rs. '000)

Total Liabilities	:	57896.88
Total Assets	:	57896.88

SOURCES OF FUNDS

Paid up Capital	:	51450.00
Reserves & Surplus	:	Nil
Secured Loans	:	Nil
Unsecured Loans	:	Nil

APPLICATION OF FUNDS

Net Fixed Assets	:	27.71
Investments	:	Nil
Net Current Assets	:	40075.18
Miscellaneous Expenditure	:	1366.06
Preoperative Expenditure	:	6254.63
Profit & Loss Account	:	3726.42

IV. PERFORMANCE OF THE COMPANY

(Amount in Rs. '000)

Total Income	:	--
Total Expenditure	:	2946.66
Profit / (Loss) Before Tax	:	(2946.66)
Profit / (Loss) After Tax	:	(2946.66)
Earning Per Shares in Rs. (Face Value Re. 1/-)	:	(0.06)
Dividend Rate %	:	Nil

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY

(As per monetary terms)

Item Code No. (ITC Code)	:	--
Product description	:	N.A.

DECCAN GOLD MINES LIMITED



DECCAN GOLD MINES LIMITED

Regd. Office: 49A, Nariman Bhavan, 227 Nariman Point, Mumbai 400 021

ATTENDANCE SLIP

I hereby record my presence at the 20th Annual General Meeting held on Friday, the 24th September, 2004 at 3.00 p.m. at Walchand Hirachand Hall, 4th floor LNM IMC Building, Indian Merchants' Chambers Marg, Mumbai 400 020.

Full name of the Shareholder/Proxy* attending the Meeting _____

Folio No/DP ID No. _____ Client ID No. _____

No. of Shares _____

Full name of the Shareholder _____
(If the proxy attends instead of Shareholder)

Signature of Shareholder/Proxy

*Delete whichever is not applicable.

(Member/Proxy attending the Meeting must fill in this attendance slip and hand it over at the entrance of the Meeting hall)



DECCAN GOLD MINES LIMITED

Regd. Office: 49A, Nariman Bhavan, 227 Nariman Point, Mumbai 400 021

PROXY FORM

Folio No _____ No. of shares held _____

DP ID No. _____ Client ID No. _____

I/We _____

of _____ in the district of _____

being a Member/Member of the above-named Company hereby appoint Mr./Ms. _____

_____ of _____

in the district of _____ or failing him/her

Mr./Ms. _____ of _____ in the district of

_____ as my/our proxy to vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company to be held on Friday, 24th September, 2004 at 3.00 p.m. and at any adjournment thereof.

Signed this _____ day of _____ 2004

Affix
Re. 1.00
Revenue
Stamp

Signature of Shareholder

Note:

This proxy form, in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.