



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Deccan Gold Mines Limited will be held on Tuesday, the 29 September, 2009 at 11.00 a.m., at Royal Room, 3rd Floor, Sunville Banquets, 9, Dr. Annie Besant Road, Mumbai – 400 018 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2009 and the Audited Balance Sheet as on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Charles E.E. Devenish, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. K.R. Krishnamurthy, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. V.K. Beswal & Associates, Chartered Accountants, Mumbai as Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company and authorize the Audit Committee / Board of Directors to fix their remuneration.

By order of the Board
for **DECCAN GOLD MINES LIMITED**

Place : Bangalore
Date : 20 July, 2009

S. Subramaniam
Company Secretary

REGISTERED OFFICE:

A-303, "Prathamesh", Raghuvanshi Mills Compound,
11-12, Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013.

NOTES:

1. ***A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.***
2. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours (forty eight hours) before the time fixed for holding the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 26 September, 2009 to Tuesday, the 29 September, 2009 (both days inclusive).
4. The Annual Reports and Attendance slips will not be distributed at the Annual General Meeting. Shareholders / Proxies are requested to bring the same along with them.



**INFORMATION ABOUT DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT
AT THE ANNUAL GENERAL MEETING**

(Pursuant to Clause 49 of the Listing Agreement)

1. MR. CHARLES E.E. DEVENISH

A brief resume and expertise of Mr. Charles is given under the Section “Profile of Directors” forming part of the Annual Report.

Mr. Charles Devenish holds directorship / committee membership in the following Companies (other than Deccan Gold Mines Limited):

Name of the Company	Designation	Committee Chairmanship	Committee Membership
Vasundhara Metal Mining Private Limited	Director	Nil	Nil
Australian Indian Rural Development Foundation*	Director	Nil	Nil

* Section 25 Company

Further, in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note that Mr. Charles E.E. Devenish, a non-executive director, does not hold any shares in the Company as on 20 July, 2009 (either in his own name or held by / for other persons on a beneficial basis). However, Mr. Charles E.E. Devenish is a Director / shareholder of Rama Mines (Mauritius) Limited which holds 2,97,97,634 equity shares in the Company as on 17 July, 2009 forming 50.98% of the paid-up equity capital of the Company.

2. MR. K.R. KRISHNAMURTHY

A brief resume and expertise of Mr. Krishnamurthy is given under the Section “Profile of Directors” forming part of the Annual Report.

In terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note that Mr. Krishnamurthy does not hold Directorship or Committee Chairmanship or Membership in any other Company.

Further, in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange viz., BSE, the shareholders may take note that Mr. K.R. Krishnamurthy, a non-executive director, does not hold any shares in the Company as on 20 July, 2009 (either in his own name or held by / for other persons on a beneficial basis).



LETTER FROM CHAIRMAN

Dear Shareholder,

Another year has passed and I thank you all for your support and patience. We have not been idle and I am glad to note that after meetings with the Government of Karnataka, our Prospecting Licence for Ganajur has been signed off and is now awaiting final execution.

The Ganajur Project is shaping up very well and the latest results point to the potential of this prospect being developed into a mine.

We have been informed that the new mining legislation will be taken up in the Winter Session of Parliament. Whilst the New Mineral Policy, 2008 certainly has some plus points with respect to security of tenure for the licence holder and will speed up the granting process, other aspects of the legislation tabled recently need clarity and their impact on Deccan Gold's future operations carefully analysed. We shall keep our shareholders fully informed of developments in this respect.

Our team of geologists have been busy in various parts of the world acting as geological consultants for companies like Tata and Reliance and major iron ore producers. We are also acting for a number of companies exploring for gold in Africa. The acknowledgement by the industry of our high standard of professional skills brings a good feeling of confidence to our team and also experience to our young geologists who are able to experience working away from India.

It is important for Deccan Gold to recognize its corporate social responsibilities and in this respect the company plans to use the services of Tushar Gandhi, the Great Grandson of Mahatma Gandhi to assist us on the social front at village level upon confirmation of development of mining activities. In the meanwhile, as an exploration company, Deccan Gold has, in a very small way, contributed to various schools in some of the areas where its prospects are located by gifting computers, water filters, and books.

I would like to thank all our people for their efforts during the year and equally importantly thank our shareholders for being patient and supporting us in our endeavours. I do feel confident that you will soon be rewarded for your patience.

Best wishes,

Charles E E Devenish
Chairman



DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the Annual Report on the business operations of the Company along with the Statement of Audited Accounts for the year ended 31st March 2009.

1. Financial Results

(Rs in '000)

Particulars	2008-09	2007-08
Total Income	13,282	5,090
Profit/(Loss) before Taxation	(2,364)	(3,540)
Profit/(Loss) after Tax	(2,424)	(3,609)
Balance brought forward	(22,236)	(18,627)
Balance transferred to Balance Sheet	(24,873)	(22,236)

During the year, the Company incurred Rs. 27.29 lacs on exploration activities and Rs. 116.57 lac on administrative and other expenses. The cumulative amount spent on exploration activities of Rs. 434.74 lac as on 31st March, 2009 has been transferred to pre-operative expenses.

2. BUSINESS OPERATIONS AND OUTLOOK

For full details on the operations of the Company during the period under review, please refer to the segment titled "Report on Exploration Activities" and the segment titled "Exploration Permits and Applications" published elsewhere in this Annual Report.

The National Mineral Policy, 2008, that was laid in the Rajya Sabha on 20th March, 2008 included the following as its main strategy:

- Core functions of the State in mining will be facilitation and regulation of exploration and mining activities of investors and entrepreneurs and collection of revenue.
- In view of the role of private sector as the main source of investment, the regulatory environment will be improved and the Indian Bureau of Mining and State Directorates of Mining will be strengthened with manpower, equipment and skill sets necessary for the purpose.
- Suitable legal measures will be taken to make the regulatory environment conducive to private investment so as to attract large investments and high technology. Procedures for grant of mineral concessions will be transparent and seamless on the one hand and will guarantee security of tenure and easy transferability of rights on the other.
- All mining shall be undertaken within a Sustainable Development Framework which will address ecological as well as societal issues. The guiding principle will be that the miner must leave the mining area in a better shape than he found it.

The Union Government that took office in May, 2009 has reaffirmed its commitment to the National Mineral Policy, 2008 and some of the steps that have been taken already under the '100 day Agenda' of the Ministry of Mines in respect of the mining sector include:

- Issue of guidelines to State Governments in June, 2009 based on the National Mineral Policy to give primacy to "Seamlessness" and "first-in-time" for grant of mineral concessions.
- Issue of directives to Geological Survey of India in June, 2009 to put out all survey and exploration data, maps and reports on Web Portal to facilitate private sector participation in mineral exploration.
- Placing of the draft of 'The Mines and Minerals (Scientific Development and Regulation) Act, 2009 on the website of the Ministry of Mines, Government of India in July, 2009 for public comments till 31st August, 2009.

It is a welcome step that the draft of 'The Mines and Minerals (Scientific Development and Regulation) Act, 2009' fixes a time limit for disposal of Reconnaissance / Prospecting / Large Area Prospecting / Mining Lease applications and has also considerably increased the maximum area which Companies / group of Companies can hold under Prospecting Licence / Mining Lease in a



State. However, the draft also enables reservation of an area for RP / PL operations in favour of GSI / Government Agencies for a period of 10 years. Further, it also empowers the State Government to sequester an area for a period of 5 years (extendable by another 5 years). These initiatives, if implemented, would have the potential to block the fast track development of mineral sector. It is hoped that the final version of the Act would be positive to the mineral exploration sector.

As the mineral exploration sector looks towards legislative and regulatory initiatives from the Government to promote private and foreign investment and introduction of internationally compatible mining policies, your Company is alert to these developments and is well geared to take advantage of the emerging scenario.

3. SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act, 1956, the audited Profit and Loss Account for the year ended 31 March, 2009 along with the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon of Deccan Exploration Services Private Limited, a subsidiary company is attached. It may be noted that the name of the subsidiary company viz. Deccan Gold Exploration Services Private Limited was changed to Deccan Exploration Services Private Limited with effect from 20 March, 2009.

4. CORPORATE GOVERNANCE

The Company has complied with all the mandatory requirements of Corporate Governance specified by the Securities and Exchange Board of India through Clause 49 of the Listing Agreement. As required by the said Clause, a separate Report on Corporate Governance forms part of this Annual Report. A Certificate from M/s. Rathi & Associates, Practicing Company Secretaries, Mumbai regarding compliance with the conditions of Corporate Governance also forms part of this Annual Report.

Further, in terms of Clause 49(IV)(F) of the Listing Agreement, a separate report titled "Management Discussion and Analysis" forms part of this Annual Report.

5. BOARD OF DIRECTORS

Mr. Charles E.E. Devenish and Mr. K.R. Krishnamurthy are the Directors who retire by rotation and being eligible, offer themselves for reappointment.

Necessary resolutions seeking the approval of the shareholders for the reappointment of the aforesaid Directors forms part of the Notice convening the Annual General Meeting. In terms of Clause 49(IV)(G)(i) of the Listing Agreement entered into with the Bombay Stock Exchange Limited, all the requisite details about the Directors seeking re-appointment at the ensuing Annual General Meeting forms part of the Notice convening the Annual General Meeting.

Further, pursuant to Clause 49(IV)(E)(iv) of the Listing Agreement, the shareholders may take note that none of the Non Executive Directors hold any shares/convertible instruments in the Company as on the date of this Report.

6. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- that they have selected such accounting policies and applied them consistently and made judgements 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 ended 31st March, 2009 and of the loss of the Company for that period.
- that they have 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.
- that they have prepared the attached Statement of Accounts for the year ended 31st March, 2009 on a going concern basis.

7. PERSONNEL

Your Directors place on record, their appreciation for the good work done by all the employees.

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum, if employed throughout the year, or Rs. 2,00,000/- or more per month, in case employed for



part of the year. Hence, there are no particulars to be annexed to this report as required under Section 217 (2A) of the Companies Act, 1956 and the rules made there under.

8. AUDITORS

The Statutory Auditors M/s. V.K. Beswal & Associates, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

9. STATUTORY AUDITORS' REPORT

Observations made in the Statutory Auditors' Report are self-explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

10. FIXED DEPOSITS

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

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**A. Conservation of Energy and Technology Absorption**

Considering the nature of the Company's existing business activities, your Directors have nothing to state in connection with conservation of energy and technology absorption.

B. Foreign exchange earnings and outgo

It may be noted that during the year under review, the Company did not have any foreign exchange earnings, but had a foreign exchange outgo of Rs. 21.10 lac.

12. ACKNOWLEDGEMENT

The Directors wish to express their gratitude to all the business associates and to the Investors / Shareholders for the confidence reposed in the Company and its management. The Directors also convey their appreciation to the employees at all levels for their enormous personal efforts as well as collective contribution.

For and on behalf of the Board

Place : Bangalore
Date : 20 July, 2009

Charles Devenish
Chairman



Statement pursuant to Section 212 of the Companies Act, 1956 relating to Company's interest in the Subsidiary Deccan Exploration Services Private Limited.

(Rs. in '000)

1	The financial year of the subsidiary company ended on	31 st March, 2009
2	Date from which it became subsidiary	3 rd March, 2005
3	a) No. of shares held by Holding Company with its nominee in the subsidiary at the end of the financial year of the subsidiary	10,000 equity shares of Rs.10/- each
	b) Extent of interest of holding company at the end of the financial year of the subsidiary	100%
4	The net aggregate amount of subsidiary's profit (loss) so far as it concerns the members	
	a) Not dealt with in holding company's accounts:	
	i) For the financial year of the subsidiary	Nil
	ii) For the previous financial years of the subsidiary since it became the subsidiary of the company	Nil
	b) Dealt with in holding company's accounts*:	
	i) For the financial year of the subsidiary	172
	ii) For the previous financial year of the subsidiary	171
5	Changes in the holding company's interest in the Subsidiary between the end of the financial year of the subsidiary and the end of the holding company's financial year	None
6	Material changes between the end of the financial year of the subsidiary and the end of the holding company's financial year in respect of:	
	a) Subsidiary's fixed assets	None
	b) Its investments	None
	c) The monies lent by it	None
	d) The monies borrowed for the purpose other than meeting current liabilities	None

*Consolidated accounts reflect the effect.

For and on behalf of the Board

Place: Bangalore
Dated: 20 July, 2009

Charles E.E. Devenish
Chairman

Sandeep Lakhwara
Managing Director

S. Subramaniam
Company Secretary



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INTRODUCTION

Deccan Gold Mines Limited (DGML) is the first and the only gold exploration company listed on the Bombay Stock Exchange Limited (BSE). The Company was established in 2003 by promoters with deep roots in the exploration and mining sector and brings to India, a wealth of international technical know how and experience in the gold exploration and mining sector. DGML now has a large portfolio of exploration prospects in the States of Karnataka, Andhra Pradesh and Rajasthan. It has actively undertaken exploration work in all of its exploration prospects over the years and has been successful in identifying probable gold resources at several locations.

Details on the results of DGML's exploration work has been provided under the heading "Report on Exploration Activities".

A comprehensive list of the prospects acquired by DGML and its 100% owned subsidiary Deccan Exploration Services Private Limited (DESPL) has been provided under the heading "Exploration Permits and Applications".

DGML now awaits the grant of its applications following which it will undertake detailed feasibility studies to ascertain the commerciality of gold mining operations at these locations.

It must, however, be appreciated that exploration companies, have long gestation periods between exploration and discoveries, to which DGML is no exception. This gestation period has been further impacted by the delays in grant of permits by the Government authorities.

INDUSTRY REVIEW

India is relatively under-explored in terms of mineral prospecting and has a large quantity of high-quality reserves which coupled with low labour and conversion costs makes it an attractive destination for mineral exploration, mining and value addition. However, the regulatory processes pursuant to which licenses are presently granted are time consuming and archaic resulting in the inability of the sector to develop to its fullest potential.

The New National Mineral Policy, 2008 (laid on the table of the Parliament during March, 2008) is expected to encourage mineral prospecting and mining investments in India. The Policy envisages a facilitatory and regulatory role for the State in the exploration and mining activities of investors and entrepreneurs. It recognizes the role of the private sector as the main source of investment in the mineral exploration sector. It states that suitable legal measures will be taken to make the regulatory environment conducive to private investment so as to attract large investments and high technology. Procedures for grant of mineral concessions will be transparent and seamless on the one hand and will guarantee security of tenure and easy transferability of rights on the other.

The Union Government that took office in May, 2009 has reaffirmed its commitment to the National Mineral Policy, 2008 and some steps have already been taken to operationalise the strategy outlined in the Policy. Guidelines have been issued to State Governments to give primacy to "Seamlessness" and "first-in-time" approach for grant of mineral concessions. A new legislation titled "The Mines and Minerals (Scientific Development and Regulation) Act, 2009 is sought to be introduced and a draft of the Act has been placed on the website of the Ministry of Mines, Government of India for public comments.

The mineral exploration sector in India awaits the legislative and regulatory initiatives from the Government to promote private and foreign investment and introduction of internationally compatible mining policies.

PERFORMANCE

Full details of exploration work undertaken by the Company are contained in "Report on Exploration Activities" forming part of this Annual Report. The status of our applications is contained in this Annual Report under the heading "Exploration Permits and Applications".

DGML incurred a total expenditure of Rs. 437.74 lacs (cumulative) on exploration on its prospects as on 31 March 2009. The amount of exploration expenditure (cumulative) incurred as on 31 March, 2008 was Rs. 407.46 lacs.

Administrative and other costs for the year ended 31 March 2009 were Rs. 116.57 lacs compared to Rs. 86.30 lacs for the year ended 31 March 2008.

The net loss of the Company for the year ended 31 March 2009 was Rs. 23.64 lacs compared to Rs. 35.39 lacs for the year ended 31 March 2008.



DGML's working capital funds as at 31 March 2009 were Rs. 54.65 lacs compared to Rs. 124.25 lacs for the year ended 31 March 2008.

It is pertinent to note that exploration companies by their very nature will not generate mining revenues until commencement of mining operations.

RISKS AND CONCERNS

Like any industry, the mineral exploration and mining sector is exposed to a variety of operational, financial and regulatory risks. As the stakeholders are aware, the long term profitability of the Company is related to the cost and success of its exploration programmes, which may be affected by a number of reasons and factors beyond the control of the Company.

Gold exploration is a high risk business with no guarantee of success and to that extent investment in gold exploration would be speculative. The projects involve long gestation periods and there is no assurance that exploration of gold tenements would result in discovery of an economic deposit.

Resource estimates are expression of judgment based on knowledge, experience of promoters and industry practice. Estimates, which are valid when made, may change significantly, when new information becomes available. Also, the reserve estimates are not precise and depend on some interpretations, which may prove to be inaccurate. Should the company encounter mineralization or formations different from those predicted by past drilling and mining, resources might have to be altered.

The Company's future revenues will depend on the economic viability of the Company's mineral properties based on international commodity gold price trends. International gold prices fluctuate and are affected by many factors including the supply and demand for gold, production levels of various nations, forward selling by producers, international currency exchange rates etc., Further, regulatory changes relating to import – export / customs duty and change in relevant taxes, legal and administrative regime, accounting practices and government policies may have an impact on the Company's financial performance.

In the absence of cash flow from operations, the Company relies on the capital markets to fund its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that additional funding will be available, or available under terms favourable to the Company in future. Failure to obtain such additional finance could result in delay or indefinite postponement of further exploration and the development of the Company's Projects.

All the above factors notwithstanding, your Company and its Directors believe that they have adequate experience and access to expertise and capital sources that will enable the Company to successfully develop, launch and execute its projects successfully.

OUTLOOK AND OPPORTUNITIES

India is one of the largest consumers of gold in the world importing about 400 to 600t of the yellow metal every year. It has vast tracts of under explored terrain estimated to contain about 9% of the global gold reserves. India was one of the leading gold producers in the world during the British period, when there were about 100 big and small gold mines in operation. Yet, it produces only 0.4% of its consumption today. The lack of investor friendly regulatory guidelines and the snail pace over which prospecting/mining licenses are granted has meant that the industry has not been developed to its full potential.

Private investment in the gold exploration sector has also been very slow in forthcoming. Several major and junior explorers that initially hailed the opening up of the industry to private investment and entered the industry with full gusto have since either curtailed their Indian operations or walked away from it altogether. Consequently, no major gold mines have been opened up in India since the introduction of the new regulatory regime in 1993. The regulatory regime from this perspective has therefore failed in its objectives to attract investment and develop the industry.

By contrast, over this same period, gold mining industries in Australia, Canada, South Africa and now China have attracted huge private investments in the gold exploration and mining sector. On average, Australia spends about US\$300 million per annum on gold exploration, where as India spends less than US\$5 million. Most of Australia's money is raised through public issue of shares in exploration/mining companies and through institutional investment.

A large quantum of funds has been spent on exploration in the other countries noted above. There is much greater comfort derived from the regulatory regimes in these countries both by the investors and the promoters enabling the industry to flourish to its fullest potential. There are several hundred companies operating in the gold exploration/mining sector in these countries. These same companies are wary of entering India.

Yet, Indian terrain offers ample opportunities for major gold discoveries. A large part of India is covered by ancient rocks (>2 billion year old), which have been hosts to about 60% of the gold production in the world. There are records of about 800 ancient



diggings from where gold has been recovered in the past. In addition, exploration by governmental agencies in the last few decades has also been successful in identifying a few gold discoveries, which can become producing mines.

Many prospects in the states of Andhra Pradesh, Karnataka, Chattisgarh, Jharkhand, Madhya Pradesh and Rajasthan could potentially host mineable gold deposits. The need of the hour is to spend major risk capital in exploring these sites and get to the gold deposits. The private sector must be given unhindered access to these areas through the grant of licenses in a timely manner.

Today, in India, it could take up to 5 years to get a Prospecting License granted and another few years to get to a Mining License. All along the exploration company is spending major capital with no assurance of return and at the end limited security of tenure as various State Governments have come into the picture at the last minute (after the private sector have worked in these prospects) and asked for reservation of the prospects for State institutions.

It is hoped that the New Mining Policy, on the table for the last couple of years, now awaiting final approval and introduction after the winter session of Parliament, will help overcome the earlier pitfalls and facilitate the growth of gold exploration and development of new gold mines.

It is also hoped that the Indian government and the country's Regulators, follow the international examples of countries like Australia, Canada, South Africa, UK and others and facilitate private and public participation in the gold exploration and mining sector, by allowing more exploration companies to list on its Stock Exchanges and raise capital for development.

The Government should also look at providing tax incentives to the gold exploration and mining industry, as has been done in other countries in the past to boost investment in the sector.

India has the potential to become one of the leading gold producers in the world. China increased its gold production from 5t/pa in 1980 to 260t/pa in 2008. There is no reason why it could not happen in India, but our Government needs to listen and learn from the Chinese experience.

ADEQUACY OF INTERNAL CONTROL

The Company has in place 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 constituted an Audit Committee and has assigned to it tasks that will further strengthen the internal audit system.

SUSTAINABLE DEVELOPMENT

DGML is committed to sustainable development; we believe in creating sustainable values that our employees, business partners and shareholders can uphold and believe in. We strive to meet the needs of all our stakeholders. DGML believes in making a positive contribution to the community in which we are involved. Our mission is to increase the known gold resources base of the country in a way that enhances the well being of its people, the environment, and the investors and stakeholders of the Company.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of the 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.



PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members
Deccan Gold Mines Limited

We have examined the compliance of conditions of Corporate Governance by Deccan Gold Mines Limited ("the Company") for the year ended 31st March 2009 as stipulated in Clause 49 of the Listing Agreement entered into by the said Company with the Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examinations were limited to 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 and on behalf of
M/s. Rathi & Associates
Company Secretaries

Place : Mumbai
Date : 20 July, 2009

Narayan Rathi
Partner
FCS No. 1433



REPORT ON CORPORATE GOVERNANCE

for the year ended and as on 31 March, 2009

Pursuant to Clause 49 of Listing Agreement

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors are committed to ensuring good Corporate Governance in the Company's operations. The Board seeks to promote fairness, equity and transparency in all transactions with the objective of securing long-term shareholder value, while at the same time in accordance with the parameters of law.

The Company has complied with the provisions of Clause 49 of the Listing Agreement entered into with the BSE relating to corporate governance. The same are detailed below.

2. BOARD OF DIRECTORS

a) Composition and category of directors, number of other Boards and Board Committees in which they are Chairperson / Member

As on 31 March, 2009, the Board comprised of 6 Directors out of which one is an Executive Director and the other 5 are Non Executive Directors. Out of the 5 Non-Executive Directors, 3 are Independent Directors. The Chairman of the Board is a Non-Executive Director and more than one-third of the Board comprises of Independent Directors.

The Board comprises of competent professionals who are highly recognized in their respective field.

The composition of the Board and other relevant details relating to Directors are given below:

Name of the Director	Designation	Category of Directorship	No. of Other Directorships	No. of other Committee Memberships #	
				Chairman	Member
Mr. Charles E. E. Devenish	Chairman	Promoter, Non-Executive	2	Nil	Nil
Mr. Sandeep Lakhwara	Managing Director	Executive	Nil	Nil	Nil
Mr. V. Sivakumar	Director	Non-Executive	10	Nil	Nil
Mr. K.R. Krishnamurthy	Director	Non-Executive; Independent	Nil	Nil	Nil
Dr. M. Ramakrishnan	Director	Non-Executive; Independent	1	Nil	Nil
Prof. V.K. Gaur	Director	Non-Executive; Independent	Nil	Nil	Nil
Mr. M.R. Menon*	Alternate Director*	Non-Executive; Independent	1	Nil	Nil

* to Mr. Charles E.E. Devenish

Notes:

- For the purpose of considering the limit of directorship positions, foreign companies have been excluded.
- For the purpose of considering the limit of committee membership positions, membership of only Audit Committee, Investors'/Shareholders' Grievance Committee and Remuneration Committee have been considered.
- There are no inter-se relationships amongst the Directors.

b) Reappointment of Directors:

Detailed profile of Mr. Charles Devenish and Mr. K.R. Krishnamurthy, Directors liable to retire by rotation who being eligible have offered themselves for re-appointment is furnished along with the Notice convening ensuing Annual General Meeting.



c) Number of Board Meetings held & dates on which held

Five Board Meetings were held during the financial year 2008-09. These meetings were held on 23 April, 2008; 27 June, 2008; 31 July, 2008; 31 October, 2008 and 30 January, 2009.

d) Attendance of each Director at the Board Meetings and the last Annual General Meeting:

The details of attendance of Directors in Board Meetings and in the last Annual General Meeting held on 28th November, 2008 are as follows:

Name of the Director	No. of Board Meetings Attended	Attendance at Last Annual General Meeting (Yes / No)
Mr. Charles E.E. Devenish	5	Yes
Mr. Sandeep Lakhwara	4	Yes
Mr. V. Sivakumar	2	No
Mr. K.R. Krishnamurthy	3	No
Dr. M. Ramakrishnan	3	No
Prof. V.K. Gaur	4	No

Note : Mr. K.R. Krishnamurthy, Chairman of the Audit Committee was not present at the previous Annual General Meeting. He had authorized Mr. Sandeep Lakhwara, Managing Director to answer the queries, if any of the shareholders with regard to financial accounts of the Company at the previous Annual General Meeting.

3. AUDIT COMMITTEE

a) BRIEF DESCRIPTION OF TERMS OF REFERENCE

The terms of reference of the Audit Committee as defined by the Board are as under:

- i) Hold discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditor and review the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- ii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- iii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- iv) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgement by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.
- vi) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.



- ix) Discussion with internal auditors on any significant findings and follow up there on.
- x) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- xi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- xiii) Review of information as prescribed under Clause 49 (II)(E) of the listing agreement.

POWERS OF THE AUDIT COMMITTEE

Further, the Board has delegated the following powers to the Audit Committee:

- i) Investigating any activity within its terms of reference as above, or in relation to the items specified in Section 292A of the Companies Act, 1956, or as may be referred to it by the Board, from time to time and for this purpose, it shall have full access to information contained in the records of the Company and external professional advice, if necessary.
- ii) Seek information from any employee.
- iii) Obtain outside legal or other professional advice, if necessary.
- iv) Secure attendance of outsiders with relevant expertise, if it considers necessary.

b) Composition, Name of Members & Chairperson

The Committee comprises 3 Non Executive Directors, all of whom are Independent Directors. All the members of the Committee are financially literate. The Chairman of the Committee is an Independent Director and is the member with accounting or related financial management expertise

The name of members & Chairperson of the Committee are as under:

Name of member	Designation
Mr. K.R. Krishnamurthy	Chairman
Dr. M. Ramakrishnan	Member
Prof. V.K. Gaur	Member

c) Meetings and attendance during the year

Five Audit Committee Meetings were held during the financial year 2008 – 09. These meetings were held on 23 April, 2008; 27 June, 2008; 18 July, 2008; 31 October, 2008 and 30 January, 2009.

The details of attendance in Audit Committee Meetings are as follows:

Name of Member	No. of Meetings Attended
Mr. K.R. Krishnamurthy	3
Dr. M. Ramakrishnan	4
Prof. V.K. Gaur	4

- d) The Company Secretary acts as Secretary to the Committee. Further, the Audit Committee invites such of the executives of the Company as it considers appropriate to be present at its meetings. The representatives of the Statutory Auditors are also invited to these meetings.

4. REMUNERATION COMMITTEE

A) BRIEF DESCRIPTION OF TERMS OF REFERENCE

Although a non-mandatory requirement, the Company has constituted a Remuneration Committee.

The terms of reference of the Committee is to review and recommend compensation payable to the Executive Directors and Senior Management of the company. It shall also administer the Company's stock option plans, if any, including the



review and grant of the stock options to eligible employees under such plans. The Committee may review the performance of the Executive Directors, if any and for the said purpose may lay down requisite parameters for each of the Executive Directors at the beginning of the year.

B) COMPOSITION, NAME OF MEMBERS AND CHAIRPERSON

The Committee comprises of Non Executive Directors and the Chairman is an Independent Director.

The name of members & Chairperson of the Committee are as under:

Name of member	Designation
Mr. K.R. Krishnamurthy	Chairman
Dr. M. Ramakrishnan	Member
Mr. Charles E.E. Devenish	Member

C) ATTENDANCE DURING THE YEAR

The Remuneration Committee did not meet during the year 2008-09.

D) REMUNERATION POLICY & DETAILS OF REMUNERATION TO ALL DIRECTORS

i) Management Staff :

Remuneration of employees largely consists of basic remuneration and perquisites. The components of the total remuneration vary for different grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled, individual performance, etc.

ii) Non-Executive Directors

The Company pays sitting fee to all the Non-executive Directors of the Company for attending Board & Audit Committee Meetings. The sitting fees paid is within the limits prescribed under the Companies Act, 1956.

Details of the sitting fee paid to Non Executive Directors during the year 2008-09 is as under:

(in Rs.)

Name of the Director / Member	Sitting Fee paid for attending meetings of	
	Board	Audit Committee
Dr. M. Ramakrishnan	15,000	10,000
Mr. K.R. Krishnamurthy	15,000	7,500
Prof. V.K. Gaur	20,000	10,000
Total	50,000	27,500

iii) Executive Directors

The aggregate of the salary paid in the financial year 2008 – 09 to Mr. Sandeep Lakhwara, Managing Director is Rs. 12,00,000/-.

5. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

a) Name of Non Executive Director heading the Committee

Mr. K.R. Krishnamurthy, a Non Executive Director heads the Committee.

This Committee has been constituted to look into investor's complaints like transfer of shares, non-receipt of declared dividends, etc. and take necessary steps for redressal thereof. Presently, the Registrars & Share Transfer Agents of the Company are attending to the share transfer requests on a regular basis.

The Committee met twice during the financial year 2008-09. These meetings were held on 23 April, 2008 and 30 January, 2009.



The composition of the Shareholders'/Investors' Grievance Committee and the details of attendance in meetings are as follows:

Name of Director	Designation	No. of Meetings Attended
Mr. K.R. Krishnamurthy	Chairman	2
Mr. Sandeep Lakhwara	Member	2

b) Compliance Officer

Mr. S. Subramaniam, Company Secretary is the Compliance Officer of the Company.

c) Shareholder Complaints

During the financial year 2008-09, the Company did not receive any shareholder complaints. As such, there were no pending complaints at the end of the year.

6. GENERAL BODY MEETINGS

i) Location, time and date of holding of the last three Annual General Meetings (AGM) are given below:

Financial Year	Date	Time	Location of the Meeting
2005-06	30/11/2006	11.00 a.m.	Wodehouse Gymkhana, 182, Maharshi Karve Road, Mumbai – 400 021.
2006-07	14/12/2007	10.30 a.m.	The Plaza Room, Hotel Marine Plaza, 29, Marine Drive, Mumbai – 400 020.
2007-08	28/11/2008	11.00 a.m.	Royal Room, 3 rd Floor, Sunville Banquets, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

ii) Special Resolutions during previous three Annual General Meetings:

Date of AGM	Particulars of Special Resolutions Passed
30/11/2006	Nil
14/12/2007	Reappointment of Mr. Sandeep Lakhwara as Managing Director for 3 years with effect from 1 st May, 2007.
28/11/2008	Introduction of Employee Stock Option Plan (ESOP) to the employees of the Company and its subsidiaries.

iii) During the financial year 2008-09, no resolutions were passed through Postal Ballot.

iv) Resolutions if any passed by Postal Ballot shall be in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Procedure for Passing of Postal Ballot) Rules, 2001.

v) No Special resolution is proposed to be passed through Postal Ballot in the ensuing AGM.

7. DISCLOSURES

- The Company did not have any related party transactions, i.e. transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the Notes to Accounts in the financial statements as at March 31, 2009.
- There was no non-compliance in respect of any matter related to the capital markets by the Company during the last 3 years. Further, there was no penalty / strictures imposed on the Company by any Stock Exchange, SEBI or any Statutory Authority on any matter related to the capital markets during the last 3 years.
- The Company has complied with all the mandatory requirements as contained in Clause 49 of the Listing Agreement.



8. MEANS OF COMMUNICATION

- i. The quarterly/half yearly/yearly results are published in leading English and Marathi newspapers. Further, they are also submitted to the BSE upon their approval by the Board of Directors and are available on the website of BSE (www.bseindia.com).
- ii. The website of the Company (www.deccangoldmines.com) also displays official news releases issued on behalf of the Company.
- iii. No presentations were made to institutional investors or to the analysts during the year under review.

9. GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting:

Day / Date : Tuesday, 29 September, 2009
 Time : 11.00 a.m.
 Venue : Royal Room,
 3rd Floor, Sunville Banquets,
 9, Dr. Annie Besant Road, Worli
 Mumbai – 400 018.

ii. Financial Year:

The Company follows April-March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter.

iii. Date of Book Closure

26th September, 2009 to 29th September, 2009 (both days inclusive)

iv. Dividend Payment Date

Not applicable

v. Listing on Stock Exchanges

The Company's shares are listed on Bombay Stock Exchange Limited (BSE). The Company has paid the listing fees to the BSE within the prescribed time

vi. Stock Code

512068 (BSE).

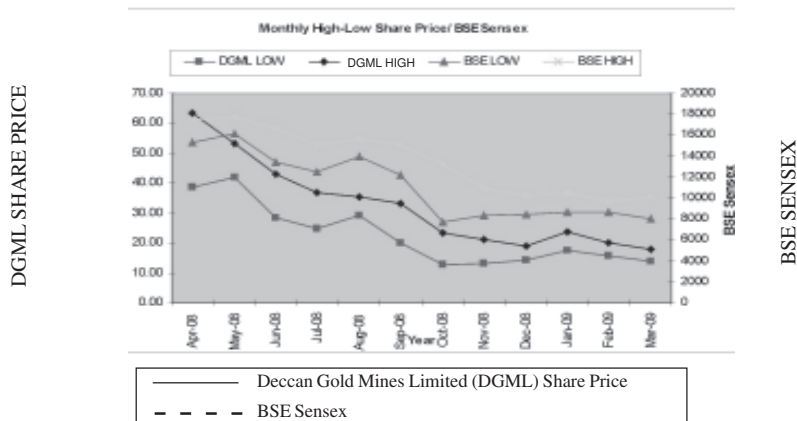
vii. MARKET PRICE DATA – HIGH & LOW DURING EACH MONTH OF LAST FINANCIAL YEAR

The monthly high and low quotations of the Company's shares traded on the BSE is as follows:

Month	BSE	
	High (Rs.)	Low (Rs.)
April 2008	63.45	38.65
May 2008	53.20	41.95
June 2008	43.00	28.55
July 2008	36.90	24.90
August 2008	35.45	29.00
September 2008	33.00	20.10
October 2008	23.20	12.70
November 2008	21.11	13.00
December 2008	18.85	14.10
January 2009	23.70	17.35
February 2009	20.20	15.75
March 2009	17.75	13.75



viii. Performance in comparison to broad-based indices of BSE SENSEX



ix. REGISTRAR AND TRANSFER AGENTS

Link Intime India Private Limited
(formerly Intime Spectrum Registry Limited)
Pannalal Silk Mills Compound, C-13, L.B.S. Marg,
Bhandup (W), Mumbai – 400 078.
Tel. No. 91-22-25963838 & Fax 91-22-55555353
E-mail : mumbai@linkintime.co.in

x. SHARE TRANSFER SYSTEM

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. They attend to share transfer formalities at least once in 15 days.

Shares held in the dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records for sending all corporate communications, dividend warrants, etc.

Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

xi. SHAREHOLDING PATTERN & DISTRIBUTION OF SHAREHOLDING

a) Shareholding Pattern (as at 31st March, 2009)

Sr. No.	Category	No. of Shares held	%
1.	Promoter Group	29971847	51.28
2.	Banks/FI/FII/Mutual Funds / UTI / Central & State Govt./ Venture Capital / Foreign Venture Capital / Trusts	600	0.00
3.	Bodies Corporate	2972850	5.09
4.	Individual shareholders (holding shares of nominal value less than or equal to Rs. 1 lac)	15356181	26.27
5.	Individual shareholders (holding shares of nominal value of more than Rs. 1 lac)	2020349	3.46
6.	Clearing Member	456313	0.78
7.	Non Resident Indian / OCB	671860	1.14
8.	Foreign Companies	7000000	11.98
	Total	58450000	100.00

**b) Distribution of Shareholding (as at 31st March, 2009)**

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount (Rs.)	% of Total
1 - 5,000	21931	97.72	9671574	16.55
5,001 - 10,000	273	1.22	2119410	3.63
10,001 - 20,000	118	0.53	1653958	2.83
20,001 - 30,000	48	0.21	1190202	2.04
30,001 - 40,000	25	0.11	885492	1.51
40,001 - 50,000	11	0.05	509089	0.87
50,001 - 100,000	20	0.09	1537292	2.63
100,001 and above	17	0.07	40882983	69.94
TOTAL	22443	100.00	58450000	100.00

xii. Dematerialisation of Shares and Liquidity

About 99.72% of the shares have been dematerialized as on 31 March, 2009. The equity shares of the Company are traded at Bombay Stock Exchange Limited (BSE).

xiii. Details of Shares held by Non-Executive Directors as on 31st March 2009

Sr. No.	Name of the Non-Executive Director	No. of Shares held
1	Mr. Charles E.E. Devenish	Nil
2	Mr. V. Sivakumar	Nil
3	Mr. K.R. Krishnamurthy	Nil
4	Dr. M. Ramakrishnan	Nil
5	Prof. V.K. Gaur	Nil

xiv. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs / Warrants or any Convertible instruments which were outstanding as of 31 March, 2009.

xiv. Plant locations

Nil. The Company does not have any manufacturing activities.

xv. Address for Correspondence:

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:

Link Intime India Private Limited
(formerly Intime Spectrum Registry Limited)
Pannalal Silk Mills Compound,
C-13, L.B.S. Marg,
Bhandup (W), Mumbai – 400 078.
Tel. No. 91-22-25963838 & Fax 91-22-55555353
E-mail : mumbai@linkintime.co.in



For General Correspondence

Deccan Gold Mines Limited
"Raja Ikon Building", 4th Floor,
89/1, Marathahalli Outer Ring Road, Bangalore – 560 037.
Tel : 91-80-40428400 & Fax : 91-80-40428401
e-mail : info@deccangoldmines.com

10) NON-MANDATORY REQUIREMENTS :

I. The Board

- (a) An office for the use of the Chairman is made available whenever required.
- (b) At present there is no policy fixing the tenure of independent directors.

II. Remuneration Committee

Particulars of constitution of Remuneration Committee and terms of reference thereof has been detailed earlier.

III. Shareholders' Rights

Half yearly financial results including summary of the significant events in last six months are presently, not being sent to shareholders of the Company.

IV. Audit Qualifications

The financial accounts of the Company are unqualified.

V. Training of Board Members

There is no formal policy at present for training of the Board Members of the Company as the members of the Board are eminent and experienced professional persons.

VI. Mechanism for evaluating non-executive board members

There is no formal mechanism existing at present for performance evaluation of non-executive directors.

VII. Whistle Blower Policy

The Company has not implemented the whistle blower policy.

CODE OF CONDUCT DECLARATION

Pursuant to Clause 49 I (D) of the Listing Agreement entered into with the Stock Exchanges, I hereby declare that the Company has obtained affirmative compliance with the code of conduct from all the Board members and senior management personnel of the Company.

Place : Bangalore
Date : 20 July, 2009

Sandeep Lakhwara
Managing Director



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CORPORATE INFORMATION

Chairman	: Mr. Charles E.E. Devenish
Managing Director	: Mr. Sandeep Lakhwara
Directors	: Mr. Vaidyanathan Sivakumar Mr. K.R. Krishnamurthy Dr. M. Ramakrishnan Prof. V. K. Gaur Mr. M. R. Menon* (Alternate Director to Mr. Charles E.E. Devenish)
Head-Legal & Company Secretary	: Mr. S. Subramaniam
Auditors	: M/s. V.K. Beswal & Associates Chartered Accountants, Mumbai.
Legal Advisors	: M/s. Crest Law Partners No. F-3, Ligoury Court, 7, Palmgrove Road, Victoria Layout, Bangalore – 560 047.
Registrars & Share Transfer Agents	: Link Intime India Private Limited Pannalal Silk Mills Compound, C-13, LBS Marg, Bandhup (West), Mumbai – 400 078. Tel : 91-22-55555454 Fax : 91-22-55555353 Email: mumbai@linkintime.co.in
Bankers	: Standard Chartered Bank
Registered Office	: A-303, “Prathamesh”, 3 rd Floor, Raghuvanshi Mills Compound, 11-12, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Tel : 91-22-40764444 Fax : 91-22-24911666 Email : info@deccangoldmines.com Web : www.deccangoldmines.com
Corporate Office	: ‘Raja Ikon Building’, # 89/1, 4 th Floor, Marathahalli Outer Ring Road, Bangalore – 560 037. Tel : 91-80-40428400 Fax : 91-80-40428401 Email : info@deccangoldmines.com



PROFILE OF DIRECTORS

CHARLES E.E. DEVENISH

Chairman

Mr. Charles Devenish was the founder and first chairman of two publicly listed companies in the 1980's and 1990'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. 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 has several years experience advising junior Australian exploration and mining companies on development strategies. Educated at Curtin University in Western Australia, and a member of the Australian Society of Certified Practising Accountants (CPAs), Sandeep has been a principal and partner of several Australian based accounting practices specializing in capital raisings for the mineral industry, financial planning and corporate regulatory requirements for publicly listed companies. He has lived in Australia for the last 25 years, headed various organizations in the past, at times taking small start-ups to fully developed successful businesses, and moved to Bangalore, India a couple of years ago to oversee the development of Australian Indian Resources Pty Ltd., (AIR) projects in India. He is primarily responsible for the acquisition and growth of Deccan Gold Mines Limited. He is Managing Director of Deccan Gold Mines Limited. Sandeep has made various presentations on factors influencing gold pricing, the operation and business model of international mineral exploration companies, and is regularly called upon to contribute articles on the gold mining industry to various newspapers and magazines.

VAIDYANATHAN SIVAKUMAR

Director

Mr. Vaidyanathan Sivakumar spent several years in equity and credit research in public markets with Crosby Securities, Peregrine Capital and CRISIL where his roles ranged from Analyst to Head of Research and functions included stock analysis, asset allocation and investment strategy and building and managing research teams and products. He also has six years industrial experience with ICI India where he worked in several commercial functions. Mr. Sivakumar holds engineering and management degrees from the Indian Institute of Technology and Indian Institute of Management, Ahmedabad respectively.

PROF. V. K. GAUR

Director

Professor 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 Distinguished Professor at 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 of the Indian Academy of Sciences and Vice President of the Geological Society of India.

K.R. KRISHNAMURTHY

Director

K.R. Krishnamurthy is a well known Mining Engineer. He was General Manager of Chitradurga Copper Company 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.



KEY PERSONNEL

CHIEF CONSULTING GEOLOGIST

DR. V. N. VASUDEV

Dr. V.N. Vasudev is Chief Consulting Geologist. An INSA Young Scientist Awardee with several years of experience in mineral exploration, Dr. Vasudev has published several papers on the geology structure, gold and sulphide mineralization in Archean 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 through India for the Company.

GEOLOGICAL CONSULTANT

S.C.R. PESHA, M.Sc., FGS

Mr. Peshwa worked as a Mining & Exploration Geologist for 13 years up to 1996 with the Bharat Gold Mines Limited. From 1996 to 2002 worked as a Project Manager with ACC Limited and was involved in exploration of gold and other minerals. He successfully carried out gold prospecting to Red Sea hills region of Sudan. Mr. Peshwa is responsible for all the Company's projects in the Hutti region.

GEOLOGICAL CONSULTANT

DR. MODALI H. PRASAD

Dr. Prasad has 8 years of experience as Geologist in Geological Survey of India. He has carried out geological mapping and mineral resources assessment particularly for gold, copper and nickel in the supra crustal belts in parts of Mahakoshal belt, Betul and Sakoli belt in Central India.

GEOLOGICAL CONSULTANT

DR. SALEEM AHMED KHAN

Mr. Khan has over 28 years of field experience in geological mapping of different terrains ranging from high grade granulites and granite-greenstone, belts of South India to the tertiary sediments occupying the mountainous North Eastern Himalayas. He has succeeded in locating, delineating and establishing gold and silver reserves in Chitradurga, schist belt, besides delineating several prospects in Dharwar-Shimoga belts in Karnataka. He is presently engaged in the task of delineating gold bearing zones in North Kolar areas.

HEAD-LEGAL & COMPANY SECRETARY

S. SUBRAMANIAM

Mr. Subramaniam is an Associate Member of the Institute of Company Secretaries of India and a Law Graduate. He has 12 years of experience in the field of Company Law and other corporate laws. During his career, he has handled mergers, amalgamations, joint ventures, foreign collaborations etc., He is in charge of the legal and company secretarial matters and also functions as the Compliance Officer of the Company.



AUDITORS' REPORT

To
The Members,

We have audited the attached Balance Sheet of **DECCAN GOLD MINES LIMITED**, as at 31st March 2009 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 (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 we enclose the annexure statement on the matters specified in paragraphs 4 and 5 of the 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, 2009 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2009 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, 2009, and
 - II. In the case of **Profit & Loss Account**, of the LOSS of the company for the year ended on that date, and
 - III. In the case of **Cash Flow Statement**, of the Cash flows for the year ended on that date.

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

R.P. LADDHA
PARTNER
Membership Number: 48195

Place : Mumbai
Dated : 20 July, 2009



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)**ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE**

(Referred to in paragraph 1 thereof)

1. In respect of Fixed Assets –
 - a) The company has maintained 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) Based on our scrutiny of the records of the company and the information & explanation received by us, we report that the company has disposed of a Plant & Machinery. Based on the information and explanation given by the management and on the basis of our audit we are of the opinion that the said sale has not affected the going concern.
2. As the company has not purchased or sold any goods during the year, nor does the company have any opening stock, therefore the requirement to report the physical verification of stocks or maintenance of inventory records in our opinion, does not arise.
3. The company has not granted or taken any loans to/from companies, firms or other party covered in the register maintained u/s. 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases & sale of fixed assets. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control.

In our opinion and according to the information and explanations given to us, the company activities do not include purchase of inventory and sale of goods. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct weaknesses in the aforesaid internal control system.
5.
 - a) Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 and exceeding the value of Rs. 5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us since the company has not accepted any deposits from public within the meaning of section 58-A, 58AA or any other provision of the Act, the question of compliance with the provisions of section 58A, 58AA or any other provisions of the Act does not arise.
7. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
8. As informed to us, the Central Government has not prescribed the maintenance of Cost records under section 209(1)(d) of the Companies Act, 1956.
9.
 - a) According to the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues, including Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues applicable to it.
 - b) According to information & explanation given there were no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty, excise duty, service tax cess & other statutory dues which remained outstanding as at 31st March, 2009 for a period more than six months from the date they became payable.



10. The accumulated losses of the company are not more than 50% of its net worth as at 31st March 2009. The company has incurred a cash loss of Rs.15.98 lacs in the current financial year and Rs.17.13 lacs in the immediately preceding financial year.
11. According to the records of the company, the company has not borrowed from financial institutions or banks or issued any debentures during the year, Hence in our opinion, the question of reporting on defaults in repayment of dues to financial institutions or banks or debenture holders does not arise.
12. According to the information and explanation given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. 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 benefit society. Hence, in our opinion, the requirements of para 4 (xiii) of the Order do not apply to the company.
14. As per records of the company and information and explanations given to us by the management, company is not dealing or trading in shares, securities, and debentures and other investments.
15. The company has not given guarantee in connection with loans taken by others from banks.
16. According to the records of the company, the Company has not taken any term loan. Hence, comments under the clause are not required.
17. According to the information and explanations 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.
18. According to the records of the company and the information and explanations provided by the management, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s.301 of the Act.
19. No debentures have been issued by the Company during the year and hence, the question of creating securities in respect thereof does not arise.
20. The company has not raised any money by public issues during the period covered by our audit report.
21. 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.

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

R.P. LADDHA
PARTNER
Membership Number: 48195

Place : Mumbai
Dated : 20 July, 2009



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

BALANCE SHEET AS AT 31st MARCH, 2009

	Schedule	As at 31.03.2009 (Rs. '000)	As at 31.03.2008 (Rs. '000)
A. SOURCE OF FUNDS:			
Share Capital	A	58,450.00	8,450.00
Reserves & Surplus	B	113,256.11	113,256.11
TOTAL		171,706.11	171,706.11
B. APPLICATION OF FUNDS:			
FIXED ASSETS:			
	C		
Gross Block		4,936.29	12,117.94
Less: Depreciation		2,054.95	6,487.66
Net Block		2,881.34	5,630.28
INVESTMENTS			
	D	95,011.52	90,669.05
CURRENT ASSETS, LOANS & ADVANCES			
	E		
Cash & Bank Balances		1,816.47	9,443.93
Loans & Advances		7,186.61	4,673.16
		9,003.08	14,117.09
Less: Current Liabilities & Provisions	F	3,537.84	1,692.09
NET CURRENT ASSETS		5,465.24	12,425.00
Pre-Operative Expenditure			
	G	43,474.54	40,745.95
		43,474.54	40,745.95
Profit & Loss Account		24,873.47	22,235.83
TOTAL		171,706.11	171,706.11
Significant Accounting Policies & Notes to the Accounts	J		

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**Charles E.E. Devenish**
Chairman**Sandeep Lakhwara**
Managing DirectorPlace: Mumbai
Dated: 20 July, 2009Place: Bangalore
Dated: 20 July, 2009**S. Subramaniam**
Company Secretary



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Schedule	Year Ended 31.03.2009 (Rs. '000)	Year Ended 31.03.2008 (Rs. '000)
INCOME			
Exploration Income		4,677.96	-
Other Income	H	8,603.68	5,090.37
		<u>13,281.64</u>	<u>5,090.37</u>
EXPENDITURE			
Exploration expenses		3,988.94	-
Administrative & Other Expenses	I	11,656.84	8,629.87
		<u>15,645.78</u>	<u>8,629.87</u>
Profit/(Loss) before Taxation		(2,364.14)	(3,539.50)
Less: Provision for Fringe Benefit Tax		(60.00)	(69.00)
Profit/(Loss) for the Year		(2,424.14)	(3,608.50)
Add: Balance brought forward		(22,235.83)	(18,627.33)
Less: translation provision for employee benefits		(213.50)	-
Balance transferred to Balance sheet		<u>(24,873.47)</u>	<u>(22,235.83)</u>
Basic EPS		(0.04)	(0.06)
Diluted EPS		(0.04)	(0.06)

Significant Accounting Policies & Notes to the Accounts

J

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.48195Charles E.E. Devenish
ChairmanSandeep Lakhwara
Managing DirectorPlace: Mumbai
Dated: 20 July, 2009Place: Bangalore
Dated: 20 July, 2009S. Subramaniam
Company Secretary



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2009

	As at 31.03.2009 (Rs. '000)	As at 31.03.2008 (Rs. '000)
<u>SCHEDULE 'A'</u>		
Share Capital:		
Authorised		
10,00,00,000 Equity Shares of Re.1/- each	100,000.00	100,000.00
	<u>100,000.00</u>	<u>100,000.00</u>
Issued, Subscribed and Paid up:		
5,84,50,000 Equity Shares of Re.1/- each fully paid up	58,450.00	58,450.00
	<u>58,450.00</u>	<u>58,450.00</u>
<u>SCHEDULE 'B'</u>		
Reserves & Surplus		
Securities Premium	96,529.80	96,529.80
	<u>96,529.80</u>	<u>96,529.80</u>
Capital Reserve	16,726.31	16,726.31
	<u>113,256.11</u>	<u>113,256.11</u>

SCHEDULE 'C'

FIXED ASSETS SCHEDULE AS ON 31.03.2009

(Rs. in '000)

Sl. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		Cost as at 01.04.08	Addition during the year	Deletion during the year	Total Cost as at 31.03.09	As at 01.04.08	For the Year Additions	Total as at 31.03.09	As at 31.03.09	As at 31.03.08
1	COMPUTERS	391.67	64.63	-	456.30	138.29	106.09	-	244.38	211.92
2	PLANT & MACHINERY	7,246.27	-	7,246.27	-	5,177.93	20.40	5,198.33	-	2,068.34
3	VEHICLE	502.09	-	-	502.09	315.44	48.32	-	363.76	138.33
4	OFFICE EQUIPMENT	452.29	-	-	452.29	55.75	55.17	-	110.92	341.37
5	FURNITURE & FIXTURE	661.55	-	-	661.55	165.66	89.76	-	255.42	406.13
6	LEASE HOLD IMPROVEMENTS	2,864.06	-	-	2,864.06	634.59	445.88	-	1,080.47	1,783.59
	TOTAL	12,117.93	64.63	7,246.27	4,936.29	6,487.66	765.62	5,198.33	2,054.95	2,881.34
	PREVIOUS YEAR	8,015.15	4,102.78	-	12,117.93	4,661.24	1,826.42	-	6,487.66	5,630.28



	As at 31.03.2009 (Rs. '000)	As at 31.03.2008 (Rs. '000)
<u>SCHEDULE 'D'</u>		
INVESTMENTS		
Shares of Wholly owned subsidiary Deccan Exploration Services Private Limited, (formerly Deccan Gold Exploration Services Private Limited) 10,000 equity shares of Rs 10 each, fully paid	100.00	100.00
ABN Amro Dual Advantage Fund (C.Y. Market Value Rs.74,909.63)	74,825.80	90,569.05
Reliance Medium Term Daily Dividend (C.Y. Market Value Rs.20,085.72)	20,085.72	-
	95,011.52	90,669.05
<u>SCHEDULE 'E'</u>		
CURRENT ASSETS, LOANS & ADVANCES:		
Current Assets:		
Cash on hand	37.03	6.46
Balance with Banks		
- Current Accounts	779.44	437.47
- Term Deposits	1,000.00	9,000.00
	1,816.47	9,443.93
Loans & Advances:		
(Unsecured, Considered good)		
Advances recoverable in cash or kind or for value to be received	7,186.61	4,673.16
	7,186.61	4,673.16
<u>SCHEDULE 'F'</u>		
<u>CURRENT LIABILITIES:</u>		
Sundry Creditors	2,985.57	1,535.39
<u>PROVISIONS:</u>		
Provision for Gratuity	335.57	-
Provision for FBT	216.70	156.70
	3,537.84	1,692.09
<u>SCHEDULE 'G'</u>		
<i>Pre-Operative expenses</i>		
Exploration expenses	43,474.54	40,745.95
	43,474.54	40,745.95



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Year Ended 31.03.2009 (Rs. '000)	Year Ended 31.03.2008 (Rs. '000)
<u>SCHEDULE 'H'</u>		
<u>Other Income</u>		
Interest	309.15	771.31
Dividend	7,342.70	3,279.75
Profit on sale of assets	952.06	1,039.31
Loss on sale of Investments	(0.23)	-
	8,603.68	5,090.37
<u>SCHEDULE 'I'</u>		
<u>ADMINISTRATIVE & OTHER EXPENSES:</u>		
Salaries & Other benefits	2,995.61	2,651.34
Staff welfare	12.84	35.31
Books & Periodicals	19.20	5.48
Bank charges	15.71	2.08
Business promotion expenses	86.71	99.63
Travelling & Conveyance	398.39	349.41
Electricity charges	149.38	120.72
Repairs & Maintenance	199.86	242.42
Communication expenses	38.78	6.00
Rent, Rate & Taxes	2,147.15	1,653.16
Advertisement Expenses	27.46	38.78
Auditors Remuneration		
- for Statutory audit	88.24	89.89
- for Tax audit	27.58	-
Directors Sitting Fees	77.50	52.50
Professional & consultancy fee	3,092.06	598.30
Fees - Filing & Listing	148.96	55.30
Sundry Expenses	1,365.79	803.13
Depreciation	765.62	1,826.42
	11,656.84	8,629.87

**SCHEDULE 'J'****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO BALANCE SHEET****AS AT 31st MARCH, 2009****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:

- i) Depreciation is provided as per Written Down Value prescribed under Schedule XIV of the Companies Act, 1956.
- ii) Depreciation on Leased Premises is provided over a period of 5 years i.e. the term of the lease.

D. Foreign Currency transactions:

Transactions of foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or at the exchange rate under related forward exchange contracts. The realized exchange gains/losses are recognized in the Profit & Loss Account. All foreign currency, assets / liabilities are translated in rupees at the rates prevailing on the date of Balance Sheet.

E. Investments:

- a. Long term investments are carried at cost after providing for any diminution in value, if such diminution is of other than temporary nature.
- b. Current investments are carried at the lower of cost and market value. The determination of carrying cost of such investments is done on the basis of specific identification.

F. Taxes on income:

- i. Current year tax is determined in accordance with Income Tax Act, 1961 at the Current Tax rates based on assessable income.
- ii. The Company has carried forward losses under Tax Laws. In absence of virtual certainty of sufficient future taxable income, deferred tax asset has not been recognized by way of prudence in accordance with Accounting Standard 22 "Accounting for taxes on income" issued by The Institute of Chartered Accountants of India.

G. Impairment of Assets:

At each balance sheet date, the carrying amounts of fixed assets are reviewed by the management to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets, is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an assets net selling price and value in use.

H. Employee Benefits

Leave encashment : - The company does not have a policy of carry forward of pending leave and hence no provision for the same is made as mentioned under AS - 15 issued by ICAI.

Gratuity : - Gratuity provision is made for qualifying employees. Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit cost method.


NOTES TO THE ACCOUNTS:

31st March 2009
(Rs '000)

31st March 2008
(Rs '000)

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 have been regrouped/rearranged wherever necessary to make them comparable with current year's figures.		
5. Additional information pursuant to para 3 & 4 of part ii of schedule VI of the Companies Act, 1956.		
a) Expenditure in foreign currency	2,110.92	Nil
b) Earning in foreign currency	Nil	Nil
c) Payment to Auditors:		
- Audit Fees	88.24	89.89
- Tax Audit Fees	27.58	Nil

6 Related Party Disclosure :

a. Name of related parties and relationship

SI No.	Name of the Party	Relationship
1	Deccan Exploration Services Private Limited	Wholly owned subsidiary
2	Mr. Sandeep Lakhwara	Managing Director
3	Mr. Charles E.E. Devenish	Chairman
4	Mr. K.R. Krishnamurthy	Director
5	Dr. M. Ramakrishnan	Director
6	Prof. V. K. Gaur	Director

b. The company had transactions with the following related parties :-
Deccan Exploration Services Private Limited (Formerly Deccan Gold Exploration Services Private Ltd.),
Mr. Sandeep Lakhwara, Mr. K.R. Krishnamurthy, Dr. M. Ramakrishnan and Prof. V.K. Gaur.

c. Transactions with related parties :- (Rs '000)

Sr. No.	Nature	Year ended 31st March 2009
1	Reimbursement of Exploration Expenses to Subsidiary	2,151.49
2	Managerial Remuneration	1,200.00
3	Directors Sitting & Audit Committee Fees	50.00
4	Rent for Guest House	180.00

7. The Company undertook activities for exploration of gold at various sites. Commercial production of gold has not commenced and therefore it is the Company's intention to account for all the exploration expenditure of Rs.4,34,74,537 as noted in schedule 'H' to the Balance Sheet as pre-operative expenditure which will be charged to the profit & loss account as and when the commercial activities/production commences.

8. Computation of Earning per Share (Annualised)

(Rs '000)

Particulars	For the year ended	
	31st March 2009	31st March 2008
a Net Profit (Loss) after Tax available for Equity Share holders	(2,424.14)	(3,608.51)
b Weighted average number of equity shares of Re. 1/- each outstanding during the period	58,450	58,450
c Basic earning per share	(0.04)	(0.06)
d Diluted earning per share	(0.04)	(0.06)

**9. Defined benefit Plans****A The amounts (in Rs.) recognised in the statement of Profit and Loss are as follows:**

Defined benefit Obligation

Particulars	For the year ended	
	31st March 2009	31st March 2008
1 Current service cost	87,084	73,655
2 Interest on obligation	14,945	11,380
3 Expected return on plan assets	-	-
4 Net actuarial losses (gains) recognised in year ended	20,044	(13,779)
5 Past service cost	-	-
6 Losses (gains) on curtailments and settlement	-	-
Total, included in 'Employee Benefit Expense'	122,073	71,256

B. Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Defined benefit Obligation

Particulars	For the year ended	
	31st March 2009	31st March 2008
1 Opening Defined Benefit Obligation 1-4-2008	213,501	142,245
2 Service cost for the year	87,084	73,655
3 Interest cost for the year on opening D.B.O.	14,945	11,380
4 Actuarial losses (gains)	20,044	(13,779)
5 Losses (gains) on curtailments	-	-
6 Liabilities extinguished on settlements	-	-
7 Liabilities assumed in an amalgamation in the nature of purchase	-	-
8 Exchange differences on foreign plans	-	-
9 Benefits paid	-	-
Closing defined benefit obligation 31-03-2009	335,574	213,501

C. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

Not Applicable as the Liability is not funded.

D. Principal actuarial assumptions at the balance sheet date

Particulars (expressed as weighted average)	For the year ended	
	31st March 2009	31st March 2008
1 Discount rate	7%	8%
2 Expected return on plan assets	-	-
3 Proportion of employees opting for early retirement	-	-
4 Annual increase in Salary costs	6%	6%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

Charles E.E. Devenish
Chairman

Sandeep Lakhwara
Managing Director

Place: Mumbai
Dated: 20 July, 2009

Place: Bangalore
Dated: 20 July, 2009

S. Subramaniam
Company Secretary



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

	For the year ended 31.03.2009 (Rs.'000)	For the year ended 31.03.2008 (Rs.'000)
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax & extraordinary items	(2,364.14)	(3,539.51)
Adjustment for:		
Add :		
Depreciation	765.62	1,826.42
Operating Profit / (Loss) before Working Capital Changes	(1,598.52)	(1,713.09)
Adjustment for:		
Increase / (Decrease) in Trade Liabilities	1,572.25	(683.29)
(Increase) / Decrease in Loans and Advances	(2,513.44)	2,276.32
Net Cash used in Operating Activities (A)	(2,539.71)	(120.06)
B: CASH FLOW FROM INVESTING ACTIVITIES:		
(Purchase)/Sale of Fixed Assets	1,983.31	(4,102.78)
(Increase)/Decrease in Investments	(4,342.47)	(4,319.05)
Pre Operative expenses	(2,728.59)	(2,848.07)
Net Cash flow from Investing Activities (B)	(5,087.75)	(11,269.90)
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares	-	-
Share Issue Expenses	-	-
Proceeds from Issue of Share Warrants	-	-
Net Cash flow from Financing Activities (C)	-	-
Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	(7,627.46)	(11,389.96)
Cash & Cash equivalents at the beginning of the year	9,443.93	20,833.89
Cash & Cash equivalents at the end of the year	1,816.47	9,443.93

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. 48195Charles E.E. Devenish
ChairmanSandeep Lakhwara
Managing DirectorPlace: Mumbai
Dated: 20 July, 2009Place: Bangalore
Dated: 20 July, 2009S. Subramaniam
Company Secretary



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

A. REGISTRATION DETAILS

State Code	:	11
Registration Number	:	34662
Balance Sheet Date	:	31st March, 2009
CIN	:	L51900MH1984PLC034662

B. CAPITAL RAISED DURING THE YEAR

(Amount in '000)

Public Issue	:	-
Right Issue	:	-
Bonus Issue	:	-
Private Placement	:	-

C. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liability	:	175,244
Total Assets	:	175,244

SOURCE OF FUNDS

Paid up Capital	:	58,450
Reserves & Surplus	:	113,256
Monies pending allotment	:	-
Unsecured Loans	:	-

APPLICATION OF FUNDS

Net fixed Assets	:	2,881
Investment	:	95,012
Net Current Assets	:	5,465
Miscellaneous Expenses	:	68,348

D. PERFORMANCE OF THE COMPANY

Total Income	:	13,282
Total Expenditure	:	15,646
Profit/(Loss) Before Tax	:	(2,364)
Profit/(Loss) After Tax	:	(2,424)
Earning per share in Rs.	:	(0.04)
Dividend Rate %	:	-

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

(as per Monetary terms)

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

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.48195Charles E.E. Devenish
ChairmanSandeep Lakhwara
Managing DirectorPlace: Mumbai
Dated: 20 July, 2009Place: Bangalore
Dated: 20 July, 2009S. Subramaniam
Company Secretary



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

DIRECTORS' REPORT

Your Directors have pleasure in presenting their TWELFTH Annual Report of the company together with the audited accounts of the company for the year ended 31st MARCH, 2009.

CHANGE OF NAME OF THE COMPANY

During the year the name of the company has been altered to Deccan Exploration Services Private Limited as per the Fresh Certificate of Incorporation issued by the Registrar of Companies, Karnataka dated 20th March, 2009, consequent upon change of name. The change of the name has been effected so that it reflects all businesses that the company may carry on in future.

WORKING OF THE COMPANY

Your company continued to carry out exploration activities pursuant to the agreement with Deccan Gold Mines Limited in terms of which, all expenses incurred by the company for exploration activities are reimbursed by Deccan Gold Mines Limited.

The company during the year incurred loss of Rs.0.001 Million after adjustments of Deferred Taxes as compared to loss of Rs.0.001 Million during the previous year.

MANAGEMENT

During the year the Board comprised of Dr. M. Ramakrishnan, Mr. K.Karunakaran and Mr. S.C.R.Peshwa. Mr. K. Karunakaran will be retiring by rotation. He, being eligible, has offered himself for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm that:

- a. in preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to any material departures, if any;
- 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 state of affairs of the company as at 31st March, 2009 and of the net loss for the year ended on that date;
- c. they had taken proper and sufficient care for maintenance of adequate accounting records as required under the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities; and
- d. Your Directors have taken proper and sufficient care for the maintenance of 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; and
- e. Your Directors have prepared the Statement of Accounts for the year ended 31st March, 2009 on a going concern basis.

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.

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

- (a) Conservation of Energy and Technology Absorption:

Considering the nature of the Company's existing business activities, your Directors have nothing to state in connection with conservation of energy and technology absorption.



(b) Foreign Exchange Earnings and Outgo:

During the year under review, the company did not have any foreign exchange earnings and outgo.

AUDITORS

M/s Rao & Venkatesulu, Chartered Accountants, Bengaluru, who were appointed as the Auditors of the company at the last annual general meeting will be retiring at the conclusion of the ensuing Annual General Meeting. They, being eligible, have communicated their consent for their reappointment.

ACKNOWLEDGEMENT

Your Directors acknowledge the co-operation extended by you all.

For and on behalf of the Board

Place : Bangalore
Date : 30 April 2009

S. C. R. PESHWA
Director

K. KARUNAKARAN
Director



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

AUDITORS' REPORT

To the members of

DECCAN EXPLORATION SERVICES PRIVATE LIMITED

We have audited the Balance Sheet of DECCAN EXPLORATION SERVICES PRIVATE LIMITED as at 31st MARCH, 2009 and the annexed Profit and Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. The Company being not coming under the purview of the Companies (Auditor's Report) Order, 2003 issued by the Central Government under section 227 (4A) of the Companies Act, 1956, we have not reported our finding on the matters stated therein.
2. Further to our comments in the Annexure referred to in paragraph (1) above:
 - a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - b. in our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with those Books of account;
 - d. in our opinion, the Profit and Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e. on the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March, 2009 from being appointed as a director of the Company in terms of Section 274 (1) (g) of the Companies Act, 1956; and
 - f. in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009; and
 - (ii) in the case of the Profit and Loss Account, of the loss of the company for the year ended on that date.

For **RAO & VENKATESULU**
Chartered Accountants

Place : Bangalore
Date : 30 April 2009

K.Y. Ningoji Rao
Partner
Membership No.18278



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 (Rs. in '000)	As at 31.03.2008 (Rs. in '000)
A. SOURCE OF FUNDS:			
SHAREHOLDERS FUNDS:			
Share Capital	A	100.00	100.00
Share Application Money		-	-
Reserves & Surplus		-	-
LOAN FUNDS:			
Secured Loans		-	-
Unsecured Loans		-	-
Total Source of Funds		100.00	100.00
B. APPLICATION OF FUNDS:			
FIXED ASSETS:			
Capital Works in Progress		-	-
DEFERRED TAX ASSETS		80.76	80.76
NET CURRENT ASSETS:			
CURRENT ASSETS:	B		
Inventories		29.75	-
Trade Debtors		375.33	843.68
Cash & Bank Balances		65.74	160.33
Loans & Advances		349.81	307.62
Total Current Assets		820.63	1,311.63
Less: CURRENT LIABILITIES:	C		
Current Liabilities		973.86	1,464.16
NET CURRENT ASSETS:		(153.23)	(152.53)
Miscellaneous Expenses (ASSET)			
Preliminary Expenses (to the extent not written off)		-	-
Profit & Loss Account		172.47	171.77
Total Application of Funds		100.00	100.00

As per our report attached
For **RAO & VENKATESULU**
Chartered Accountants

For and on behalf of the Board

K.Y. Ningoji Rao
Partner
Membership No.18278

S.C.R. Peshwa
Director

K. Karunakaran
Director

Bangalore
30 April 2009


DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	For the Year ended 31.03.2009 (Rs. in '000)	For the Year ended 31.03.2008 (Rs. in '000)
INCOME:			
Exploration Charges recovered		1,320.86	986.72
Total Income		1,320.86	986.72
EXPENDITURE:			
Exploration Expenses	D	1,320.86	591.34
Administrative & Other Expenses	E	30.45	34.15
Total		1,351.31	625.49
Increase in Inventory	F	(29.75)	361.78
Total Expenditure		1321.56	987.27
NET PROFIT(+)/LOSS(-) BEFORE TAXES		(0.70)	(0.55)
Less/Add(-): Prior Period Adjustments		-	-
Add: Deferred Tax Assets created		-	0.97
NET PROFIT(+)/LOSS(-) AFTER TAXES		(0.70)	0.42
Add: Balance Loss Brought Forward		(171.77)	(172.19)
BALANCE LOSS CARRIED FORWARD		(172.47)	(171.77)

As per our report attached
For **RAO & VENKATESULU**
Chartered Accountants

For and on behalf of the Board

K.Y. Ningoji Rao
Partner
Membership No.18278

S.C.R.Peshwa
Director

K. Karunakaran
Director

Bangalore
30 April 2009



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2009 (Rs. in '000)	As at 31.03.2008 (Rs. in '000)
SCHEDULE 'A'		
SHARE CAPITAL		
AUTHORISED CAPITAL: 50000 (PY 50000) Equity shares of Rs.10/- Each	500.00	500.00
ISSUED, SUBSCRIBED AND PAID UP: 10000 (PY10000) Equity shares of Rs.10/- Each Fully paid up	100.00	100.00
TOTAL	100.00	100.00
SCHEDULE 'B'		
CURRENT ASSETS		
Inventories :		
Work in Progress	29.75	-
Trade Debtors	375.32	843.68
Cash at Bank:		
In Current Accounts	54.57	152.30
Cash on Hand	11.17	8.03
Loans & Advances:		
Deposits	119.93	109.93
Advances Recoverable in Cash or kind	229.88	197.68
TOTAL	820.62	1,311.62
SCHEDULE 'C'		
CURRENT LIABILITIES		
Creditors for Trade	952.17	1,420.08
Creditors for Expenses	21.69	44.08
TOTAL	973.86	1,464.16
	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
SCHEDULE 'D'		
EXPLORATION EXPENSES		
Analysis charges	87.00	2.33
Boarding & Lodging charges	140.65	29.93
Camp Expenses	112.92	26.94
Diesel & Fuel Expenses	82.84	32.30
Duplicating charges	5.39	0.78
Field Supplies & Consumables	19.81	12.50
Field Vehicle Maintenance	40.96	2.59
RP/PL/ML Processing Expenses	41.42	35.54
Land Compensation	227.12	-
Field Travel Expenses	38.24	22.82
Professional & Consultancy fee	439.00	396.00
Trenching & Pitting Charges	76.65	26.65
Other Camp Expenses : Telephone	8.86	2.95
TOTAL	1320.86	591.33



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
SCHEDULE 'E'		
ADMINISTRATIVE & OTHER EXPENSES:		
Bank Charges	2.23	0.59
Filing Fee	3.88	16.53
Postage & Telegrams	1.41	-
Printing & Stationery	-	2.44
Interest on TDS Payments	0.70	-
Auditors Remuneration:		
For Audit	11.03	11.22
For Tax Audit	-	-
For Other Services	11.20	3.37
TOTAL	30.45	34.15
SCHEDULE 'F'		
INCREASE OR DECREASE IN STOCKS		
OPENING STOCK :		
Work in progress	-	361.78
TOTAL	-	361.78
CLOSING STOCK		
Work in progress	29.75	-
TOTAL	29.75	-
Increase (-) or Decrease (+) in Inventory	(29.75)	361.78
SUNDRY CREDITORS :		
FOR TRADE:		
Geomysore Services (India) Pvt. Ltd.	925.27	1,393.17
Shiva Analyticals (India) Ltd.	26.90	26.90
Total	952.17	1,420.07
FOR EXPENSES:		
Income Tax TDS Payable	7.34	8.78
Professional Charges Payable	-	2.55
Service Tax	-	3.57
Rao & Venkatesulu	14.34	29.18
Total	21.68	44.08
SUNDRY DEBTORS		
FOR TRADE:		
Deccan Gold Mines Ltd.	375.32	843.68
Total	375.32	843.68
LOANS & ADVANCES		
ADVANCES:		
Income Tax T.D.S.	229.87	181.28
K. Satyanarayana	-	16.40
Total	229.87	197.68



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
DEPOSITS		
Security Deposit	109.93	109.93
Rent Deposit	10.00	-
Total	119.93	109.93

SCHEDULE 'G'

NOTES FORMING PART OF ANNUAL ACCOUNTS

1 Trade Debtors include:

	Particulars	As At 31.03.2009 (Rs. in '000)	As At 31.03.2008 (Rs. in '000)
a.	Debts considered good but not secured for which the Company do not hold any security other than the personal security of debtors	375.32	843.68
b.	Debts considered doubtful for which no provision is made	Nil	Nil
c.	Debts due from concerns in which the relatives of Directors of the company are interested	Nil	Nil
d.	Debts due from firms and companies in which the Directors of the company are interested as partners and Directors	Nil	Nil
e.	Debts due for period:		
	(i) More than Six Months	Nil	Nil
	(ii) Others	375.32	843.68

2. The particulars of the Deferred Tax Asset created is as under:

(Rs.'000)

Particulars	As On 31.03.2009	As On 31.03.2008	Difference
Depreciation:			
Written Down value:			
As per IT Rules	Nil	Nil	Nil
As per Books	Nil	Nil	Nil
Difference	Nil	Nil	Nil
Deferred Tax Liability	Nil	Nil	Nil



Particulars	As On 31.03.2009	As On 31.03.2008	Total
Unabsorbed Items Under IT:			
Unabsorbed Business Loss	237.59	237.59	Nil
Unabsorbed Depreciation	Nil	Nil	Nil
Total	237.59	237.59	Nil
Deferred Tax Asset	80.76	80.76	Nil
Net Deferred Tax Asset:	80.76	79.79	Nil

SIGNIFICANT ACCOUNTING POLICIES:

A. REVENUE RECOGNITION:

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

B. EXPENDITURE RECOGNITION:

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

C. VALUATION OF INVENTORY:

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

D. FIXED ASSETS:

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

E. ACCOUNTING OF TAXES ON INCOME:

- a. Current taxes on Income is provided as per the liability computed under the Income Tax Act, 1961.
- b. The Deferred Tax Assets and Liabilities are created as per AS-22 prescribed by the Institute of Chartered Accountants of India.

F. ACCOUNTING OF INTANGIBLE ASSETS:

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



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

State Code	08
Registration No.	22819
Balance Sheet Date	31 March, 2009

BALANCE SHEET AS AT 31 MARCH, 2009:

(Rs in '000)

II. Capital raised during the year :

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

III. Position of mobilisation and deployment of funds:

Total Liabilities	100
Total Assets	100

Source of Funds:

Paid Up Capital	100
Reserves & Surplus	Nil
Secured Loans	Nil
Unsecured Loans	Nil

Application of Funds:

Net Fixed Assets	Nil
Investments	Nil
Deferred Tax Asset	81
Net Current Assets	(153)
Miscellaneous Expenditure	Nil
Accumulated Losses	172

IV. Performance of the Company:

Turnover	1321.0
Total Expenditure	1322.0
Profit Before Tax	(1)
Profit After Tax	(1)
Earning Per Share [Annualised]	
after reckoning Deferred Tax Asset (in Rs.)	(0.70)
Dividend	Nil

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

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

SIGNATURES TO SCHEDULES 'A' AND 'G'

As per our report attached
For **RAO & VENKATESULU**
Chartered Accountants

For and on behalf of the Board

K.Y. Ningoji Rao
Partner
Membership No.18278

S.C.R.Peshwa
Director

K. Karunakaran
Director

Bangalore
30 April 2009



AUDITORS' REPORT

Auditors Report to the Board of Directors of **DECCAN GOLD MINES LIMITED** on the consolidated financial statements of **Deccan Gold Mines Limited** and its wholly owned subsidiary **Deccan Exploration Services Private Limited**.

1. We have examined the attached consolidated balance sheet of **DECCAN GOLD MINES LIMITED** and its subsidiary as at 31st March, 2009 and the consolidated profit and loss account and consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of **DECCAN GOLD MINES LIMITED**. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted Accounting Standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We have not conducted the audit of the financial statements of the subsidiary, whose financial statement has been audited by other auditors, and on which we have relied for the purpose of our examination of the consolidated financial statement.
4. We report that:
 - a) the consolidated financial statements has been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of **DECCAN GOLD MINES LIMITED**, its subsidiary.
 - b) The consolidated cash flow statement has been prepared on the basis of consolidated financial statement.
5. On the basis of the information and explanation given to us and on consideration of the separate audit report on individual audited financial statements of **DECCAN GOLD MINES LIMITED** and its aforesaid subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In case of the consolidated Balance Sheet, of consolidated statement of affairs of **DECCAN GOLD MINES LIMITED** and its subsidiary as at 31st March, 2009
 - ii) In case of consolidated Profit and Loss Account of the consolidated results of operations of **DECCAN GOLD MINES LIMITED**, and its subsidiary for the year ended on that date; and
 - iii) In case of the consolidated Cash Flow Statement, of **DECCAN GOLD MINES LIMITED** and its subsidiary for the year ended on that date.

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

R.P. LADDHA
(PARTNER)
Membership Number - 48195

Place: Mumbai
Dated: 20 July 2009



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 (Rs.'000)	As at 31.03.2008 (Rs.'000)
<u>SOURCE OF FUNDS :</u>			
Share Capital	A	58,450.00	58,450.00
Reserves & Surplus	B	113,256.11	113,256.11
TOTAL		171,706.11	171,706.11
<u>APPLICATION OF FUNDS:</u>			
<u>FIXED ASSETS:</u>	C		
Gross Block		4,936.29	12,117.94
Less: Depreciation		2,054.95	6,487.66
Net Block		2,881.34	5,630.28
GOODWILL		197.26	197.26
INVESTMENTS	D	94,911.52	90,569.05
CURRENT ASSETS, LOANS & ADVANCES	E		
Inventories		29.75	-
Cash & Bank Balances		1,882.21	9,604.26
Loans and Advances		7,536.42	4,980.79
		9,448.38	14,585.05
Less: Current Liabilities & Provisions	F		
Current Liabilities		4,136.38	2,312.57
NET CURRENT ASSETS		5,312.00	12,272.48
Pre-operative Expenditure	G	37,643.25	34,914.66
		37,643.25	34,914.66
Profit & Loss Account		30,679.98	28,041.62
Deferred Tax Assets		80.76	80.76
TOTAL		171,706.11	171,706.11
Significant Accounting Policies & Notes to the Accounts	K		
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
DirectorM.No.48195

Charles E.E. Devenish
Chairman

Sandeep Lakhwara
Managing

Place: Mumbai
Dated: 20 July 2009

Place: Bangalore
Dated: 20 July 2009

S. Subramaniam
Company Secretary



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	For the Year ended 31.03.2009 (Rs.'000)	For the Year ended 31.03.2008 (Rs.'000)
<u>INCOME</u>			
Operational Income	H	5,998.83	624.94
Other Income	I	8,603.68	5,090.36
Increase/(Decrease) in Inventory		29.75	-
		<u>14,632.26</u>	<u>5,715.30</u>
<u>EXPENDITURE</u>			
Exploration Expenses		5,309.81	591.34
Administrative & Other Expenses	J	11,687.30	8,664.03
		<u>16,997.11</u>	<u>9,255.37</u>
Profit/(Loss) before taxation		(2,364.85)	(3,540.07)
Add/(Less): Provision for Deferred Tax		-	0.97
Less : Provision for FBT		(60.00)	(69.00)
		<u>(2,424.85)</u>	<u>(3,608.10)</u>
Prior Period Items		(213.50)	-
		<u>(2,638.35)</u>	<u>(3,608.10)</u>
Add: Balance brought forward		(28,041.62)	(24,433.52)
Balance transferred to Balance Sheet		<u>(30,679.98)</u>	<u>(28,041.62)</u>
Basic Earnings Per Share (in Rs.)		(0.04)	(0.06)
Diluted Earnings Per Share (in Rs.)		(0.04)	(0.06)
Significant Accounting Policies & Notes to the Accounts	K		
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

Charles E.E. Devenish
Chairman

Sandeep Lakhwara
Managing Director

Place: Mumbai
Dated: 20 July 2009

Place: Bangalore
Dated: 20 July 2009

S. Subramaniam
Company Secretary



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS AS AT 31st MARCH, 2009

	As at 31.03.2009 (Rs.'000)	As at 31.03.2008 (Rs.'000)
<u>SCHEDULE 'A'</u>		
SHARE CAPITAL :		
Authorised		
10,00,00,000 (PY 10,00,00,000) Equity Shares of Re.1/- each	1,00,000.00	1,00,000.00
	<u>1,00,000.00</u>	<u>1,00,000.00</u>
Issued, Subscribed and Paid up :		
5,84,50,000 (PY 5,84,50,000) Equity Shares of Re.1/- each fully paid up	58,450.00	58,450.00
	<u>58,450.00</u>	<u>58,450.00</u>
<u>SCHEDULE 'B'</u>		
Reserves & Surplus		
Securities Premium	96,529.80	96,529.80
Capital Reserve	16,726.31	16,726.31
	<u>113,256.11</u>	<u>113,256.11</u>

SCHEDULE 'C'
FIXED ASSETS

FIXED ASSETS SCHEDULE AS ON 31.03.2009

(Rs.'000)

Sl. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		Cost as at 01.04.08	Addition during the year	Deletion during the year	Total Cost as at 31.03.09	As at 01.04.08	For the Year Additions	Total as at 31.03.09	As at 31.03.09	As at 31.03.08
1	COMPUTERS	391.67	64.63	-	456.30	138.29	106.09	244.38	211.92	253.39
2	PLANT & MACHINERY	7,246.27	-	7,246.27	-	5,177.93	20.40	(0.00)	(0.00)	2,068.34
3	VEHICLE	502.09	-	-	502.09	315.44	48.32	363.76	138.33	186.65
4	OFFICE EQUIPMENT	452.29	-	-	452.29	55.75	55.17	110.92	341.37	396.54
5	FURNITURE & FIXTURE	661.55	-	-	661.55	165.66	89.76	255.42	406.13	495.89
6	LEASE HOLD IMPROVEMENTS	2,864.06	-	-	2,864.06	634.59	445.88	1,080.47	1,783.59	2,229.47
	TOTAL	12,117.93	64.63	7,246.27	4,936.29	6,487.66	765.62	2,054.95	2,881.34	5,630.28
	PREVIOUS YEAR	8,015.15	4,102.78	-	12,117.93	4,661.24	1,826.42	6,487.66	5,630.28	-

SCHEDULE 'D'

INVESTMENTS

ABN Amro Dual Advantage Fund
Reliance Medium Term Daily Dividend

74,825.80	90,569.05
20,085.72	-
<u>94,911.52</u>	<u>90,569.05</u>

SCHEDULE 'E'

CURRENT ASSETS, LOANS & ADVANCES:

Current Assets:

Inventories

29.75

Cash & Bank Balance:

Cash on Hand

48.20

Balance with Bank (Current Account)

834.01

Term Deposit

1,000.00

1,911.96

9,604.26



	As at 31.03.2009 (Rs.'000)	As at 31.03.2008 (Rs.'000)
<u>Loans & Advances</u>		
(Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	7,536.42	4,980.79
	<u>7,536.42</u>	<u>4,980.79</u>
<u>SCHEDULE 'F'</u>		
CURRENT LIABILITIES:		
Sundry Creditors	3,584.11	2,155.87
PROVISIONS:		
Provision for Gratuity	335.57	-
Provision for FBT	216.70	156.70
	<u>4,136.38</u>	<u>2,312.57</u>
<u>SCHEDULE 'G'</u>		
Pre-Operative expenses		
Exploration expenses	37,643.25	34,914.66
	<u>37,643.25</u>	<u>34,914.66</u>



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	For the year ended 31.03.2009 (Rs.'000)	For the year ended 31.03.2008 (Rs.'000)
SCHEDULE 'H'		
Operational Income		
Exploration Income	5,998.83	624.94
	<u>5,998.83</u>	<u>624.94</u>
SCHEDULE 'I'		
Other Income		
Dividend	7,342.70	3,279.74
Interest	309.15	771.31
Loss on sale of Investments	(0.23)	1,039.31
Profit on Sale of Assets	952.06	-
	<u>8,603.68</u>	<u>5,090.36</u>
SCHEDULE 'J'		
ADMINISTRATIVE & OTHER EXPENSES:		
Salaries & other benefits	2,995.61	2,651.34
Staff welfare	12.84	35.31
Books & Periodicals	19.20	5.48
Bank charges	17.94	2.67
Business promotion expenses	86.71	99.63
Travelling & conveyance	398.39	349.41
Electricity charges	149.38	120.72
Repairs & Maintenance	199.86	242.42
Postage, telegram & telephone	40.18	6.00
Rent, rate & taxes	2,147.15	1,653.16
Advertisement expenses	27.46	38.78
Audit fee	126.85	104.48
Directors Sitting Fees	77.50	52.50
Professional & consultancy fee	3,092.06	598.30
Fees - Filing & Listing	152.85	71.83
Sundry Expenses	1,377.70	805.58
Depreciation	765.62	1,826.42
	<u>11,687.30</u>	<u>8,664.03</u>

**SCHEDULE 'K'****SIGNIFICANT ACCOUNTING POLICIES AND NOTES****ANNEXED TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009****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 capitalized.

C. Depreciation:

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

D. Foreign Currency transactions :

Transactions of foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or at the exchange rate under related forward exchange contracts. The realized exchange gains/losses are recognized in the Profit & Loss Account. All foreign currency assets / liabilities are translated in Rupees at the rates prevailing on the date of Balance Sheet.

E. Investments:

Investments are valued at cost.

F. Taxes on income:

- i. Current year tax is determined in accordance with Income Tax Act, 1961 at the Current Tax rates based on assessable income.
- ii. The Company has carried forward losses under Tax Laws. In absence of virtual certainty of sufficient future taxable income, deferred tax asset has not been recognized by way of prudence in accordance with Accounting Standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India.

G. Impairment of Assets:

At each balance sheet date, the carrying amounts of fixed assets are reviewed by the management to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an assets net selling price and value in use.

NOTES TO THE ACCOUNTS:

	31st March, 2009 (Rs. '000)	31st March, 2008 (Rs. '000)
1. Capital Commitments (Net of Advance)	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 have been regrouped/rearranged wherever necessary to make them comparable with current year's figures.		
5. Additional information pursuant to para 3 & 4 of part ii of schedule VI of the Companies Act, 1956.		
a. Expenditure in foreign currency	2110.92	Nil
b. Earning in foreign currency	Nil	Nil
c. Payment to Auditors:		
- Audit Fees	126.85	104.48



6. Related party disclosure

a. Name of related parties and relationship

Sl No.	Name of the party	Relationship
1	Deccan Exploration Services Private Limited (Formerly Deccan Gold Exploration Services Private Limited)	Wholly owned subsidiary
2	Mr. Charles E.E. Devenish	Chairman
3	Mr. Sandeep Lakhwara	Managing Director
4	Mr. K.R. Krishnamurthy	Director
5	Dr. M. Ramakrishnan	Director
6	Prof. V.K. Gaur	Director
7	Rama Mines (Mauritius) Limited	Holding Company
8	Australian Indian Resources Pty. Ltd.	Having Common Director
9	Rama Mines NL (Australia)	Having common Director
10	Lakhwara Consultants Pty. Ltd.	Having Common Director
11	Western Goldsmiths Pty. Ltd.	Having Common Director
12	The Paramount Mining Corporation Limited	Having Common Director

b. The Company had transactions with the following related parties :-

Deccan Exploration Services Private Limited, Mr. Sandeep Lakhwara, Dr. M. Ramakrishnan, Mr. K.R. Krishnamurthy, and Prof. V.K. Gaur.

c. Transactions with related parties :-

(Rs. '000)

Sl. No.	Nature	For the year ended 31st March, 2009
1	Reimbursement of Exploration Expenses to Subsidiary	2,151.49
2	Managerial Remuneration	1,200.00
3	Directors Sitting and Audit Committee Fees	77.50

7. The Company undertook activities for exploration of gold at various sites. Commercial production of gold has not commenced and therefore it is the Company's intention to account for all the exploration expenditure of Rs. 37,643.25 (in thousands) as noted in Schedule 'G' to the Balance as pre-operative expenditure which will be charged to the Profit and Loss Account as and when the commercial activities / production commences.

8. Computation of Earning per Share (Annualised)

(Rs. '000)

Particulars	For the year ended	
	31st March, 2009	31st March, 2008
a Net Profit / (Loss) after Tax available for Equity Share holders	(2,424.85)	(3,608.10)
b Weighted average number of equity shares of Re. 1/- each outstanding during the period	58,450.00	58,450.00
c Basic earning per share	(0.04)	(0.06)
d Diluted earning per share	(0.04)	(0.06)

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

Charles E.E. Devenish
Chairman

Sandeep Lakhwara
Managing Director

Place: Mumbai
Dated: 20 July, 2009

Place: Bangalore
Dated: 20 July, 2009

S. Subramaniam
Company Secretary



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	For the year ended 31.03.2009 (Rs.'000)	For the year ended 31.03.2008 (Rs.'000)
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax & extraordinary items but after prior period items	(2,364.85)	(3,540.07)
Adjustment for:		
Add :		
Depreciation	765.62	1,826.42
Operating Profit / (Loss) before Working Capital Changes	(1,599.23)	(1,713.65)
Adjustment for:		
Increase / (Decrease) in Inventories	(29.75)	361.78
Increase / (Decrease) in trade liabilities	1,550.30	(871.93)
(Increase) / Decrease in Loans and Advances	(2,555.63)	2,232.52
Net Cash used in Operating Activities (A)	(2,634.31)	8.72
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Investments / Fixed Assets	(2,359.15)	(8,421.91)
Pre Operative expenses	(2,709.59)	(2,866.98)
Net Cash flow from Investing Activities (B)	(5,068.74)	(11,288.89)
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares	-	-
Share Issue Expenses	-	-
Proceeds from Issue of Share Warrants	-	-
Net Cash flow from Financing Activities (C)	-	-
Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	(7,703.05)	(11,280.17)
Cash & Cash equivalents at the beginning of the year	9,585.26	20,865.43
Cash & Cash equivalents at the end of the year	1,882.21	9,585.26

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

Charles E.E. Devenish
Chairman

Sandeep Lakhwara
Managing Director

Place: Mumbai
Dated: 20 July, 2009

Place: Bangalore
Dated: 20 July, 2009

S. Subramaniam
Company Secretary


DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

CONSOLIDATED BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

A. REGISTRATION DETAILS		
State Code	:	11
Registration Number	:	34662
Balance Sheet Date	:	31st March, 2009
B. CAPITAL RAISED DURING THE YEAR		
		(Amount in '000)
Public Issue	:	-
Right Issue	:	-
Bonus Issue	:	-
Private Placement	:	-
C. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS		
Total Liability	:	175,842
Total Assets	:	175,842
SOURCE OF FUNDS		
Paid up Capital	:	58,450
Reserves & Surplus	:	113,256
Monies pending allotment	:	-
Unsecured Loans	:	-
APPLICATION OF FUNDS		
Net fixed Assets	:	2,881
Investment	:	95,109
Net Current Assets	:	5,312
Miscellaneous Expenses	:	68,404
D. PERFORMANCE OF THE COMPANY		
Total Income	:	14,632
Total Expenditure	:	16,997
Profit/(Loss) Before Tax	:	(2,365)
Profit/(Loss) After Tax	:	(2,425)
Earning per share in Rs.	:	-
Dividend Rate %	:	-
E. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY		
(as per Monetary terms)		
Item Code No. (ITC Code)	:	-
Product Description	:	N.A

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

Charles E.E. Devenish
 Chairman

Sandeep Lakhwara
 Managing Director

 Place: Mumbai
 Dated: 20 July, 2009

 Place: Bangalore
 Dated: 20 July, 2009

S. Subramaniam
 Company Secretary



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EXPLORATION REPORT

DHARWAR-SHIMOGA BELT PROJECT

In the late Archaean Dharwar-Shimoga belt gold mineralisation is hosted by sulphidic banded cherts. DGML explored the entire area of 5,329 sq km under 3 RP blocks and succeeded in identifying a number of gold bearing prospects (Fig-1). Amongst these, two clusters centering around Ganajur-Karajgi and Mangalagatti-Bhavihal are considered the most potential blocks for detailed exploration that could lead to eventual mining.

A total of 7 PL and 2 ML applications were submitted covering the above prospects. The salient aspects of the best prospects are as follows.

Ganajur Main Prospect: The Ganajur Main Prospect is a highly rated discovery of DGML that has now progressed into an advanced exploration project. The prospect is located 8 kms east of Haveri town on National Highway-4 and 1.5 kms south east of Ganajur village. DGML explored this prospect by RC drilling in addition to channel sampling and geological mapping to delineate a 350 metres long mineralized zone. Some of the drill intersections include 15m @ 3.79g/t, 40m @ 4.71 g/t, 39m @ 7.71 g/t and 34m @ 5.36 g/t Au (Fig-2). DGML processed the Ganajur Main data with the help of State of the art geological modeling software Datamine. An inferred

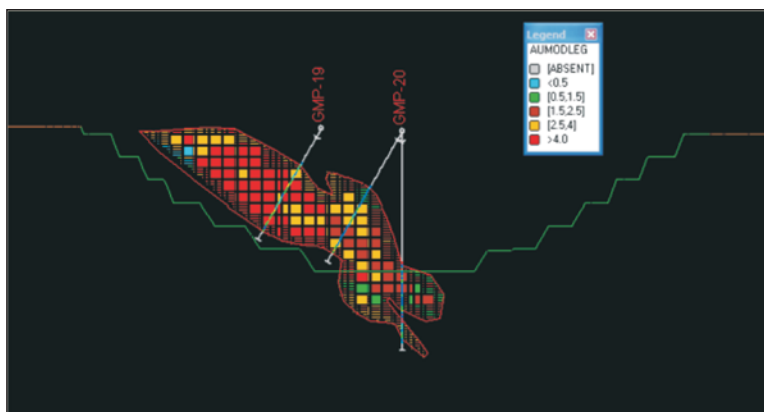


Fig-2 : Cross section along boreholes GMP-19 & GMP-20 showing grade-wise block model for gold, Ganajur Main Prospect

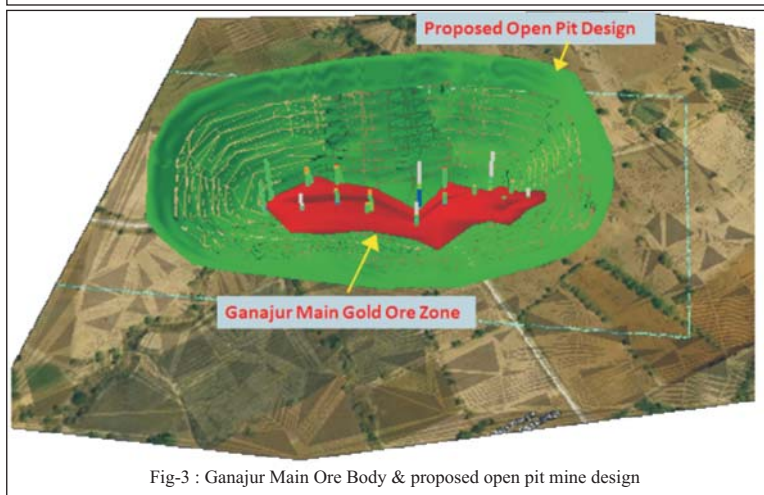


Fig-3 : Ganajur Main Ore Body & proposed open pit mine design

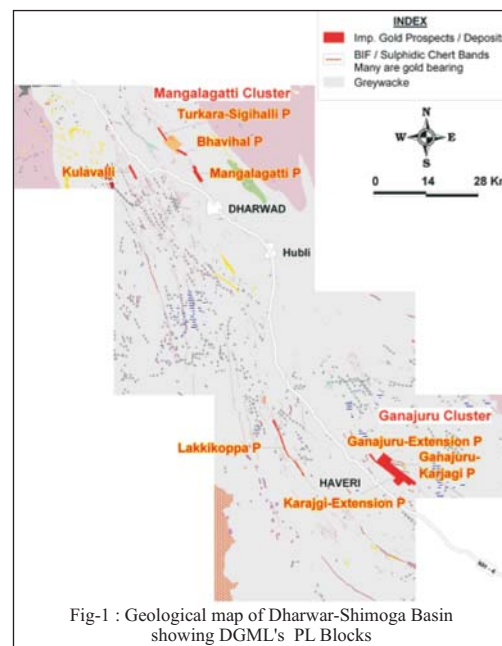


Fig-1 : Geological map of Dharwar-Shimoga Basin showing DGML's PL Blocks

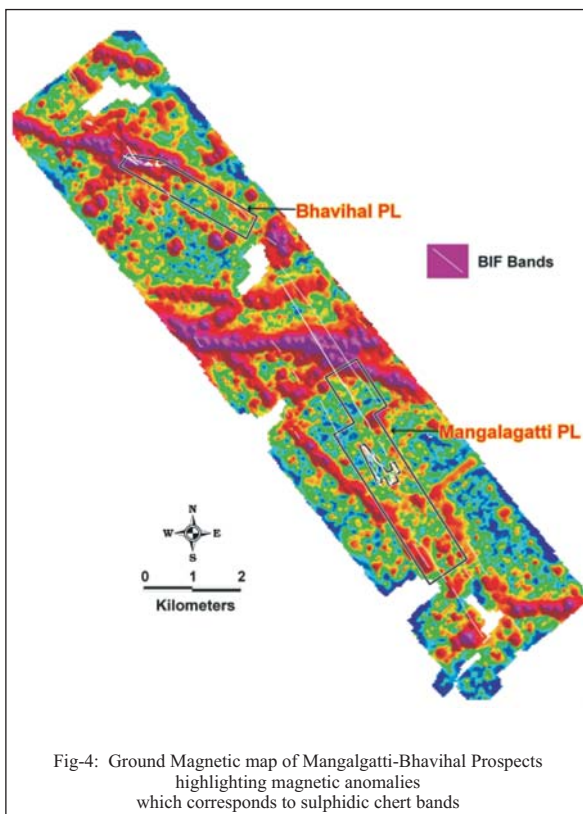
resource of Fig-1 : Geological map of Dharwar-Shimoga Basin showing DGML's PL Blocks 186000 ounces of gold has been estimated averaging 3.87 g/t. The ore-body is wide and suitable for open cast mining (Fig-3). A detailed resource drilling programme will be carried out under the new PL that is expected to increase the resource further.

Karajgi Main Prospect: Located 1 km East of Ganajur Main prospect and it was explored by geological mapping, channel sampling and RAB/RC drilling. An inferred resource of 90000 tonnes at 2.23 g/t has been estimated.

DGML has also identified after initial exploration a number of prospects around Ganajur Main block having potential to develop into small scale resource. These are Ganajur Central Prospect, Ganajur SE and East prospects and Karajgi East prospect.

Ganajur-Karajgi PL has received approval from the Ministry of Mines in Delhi and is now awaiting the final approval from the Karnataka State Government.

Mangalagatti SE Prospect: This prospect is located 12 kms north of Dharwar city. RC drilling and channel sampling has revealed significant mineralization with high grade patches of gold. Two auriferous zones extending for nearly 500



efforts included structural and geological mapping, geochemical sampling, geophysical surveys, Reverse circulation, Rotary air blast and Diamond core drilling etc. These systematic exploration efforts of DGML resulted in delineating 21 gold bearing prospects.

A total of 12 prospecting license applications and covering the 21 gold targets and 1 Mining lease application in Hirenagur have been filed with the Karnataka State Government. Due to delay in grant of the licenses and pending revision petition application with Central Government, DGML could not undertake detailed exploration in the prospective blocks as planned.

Highlights of some of the work carried out earlier on some of these prospects is presented below:

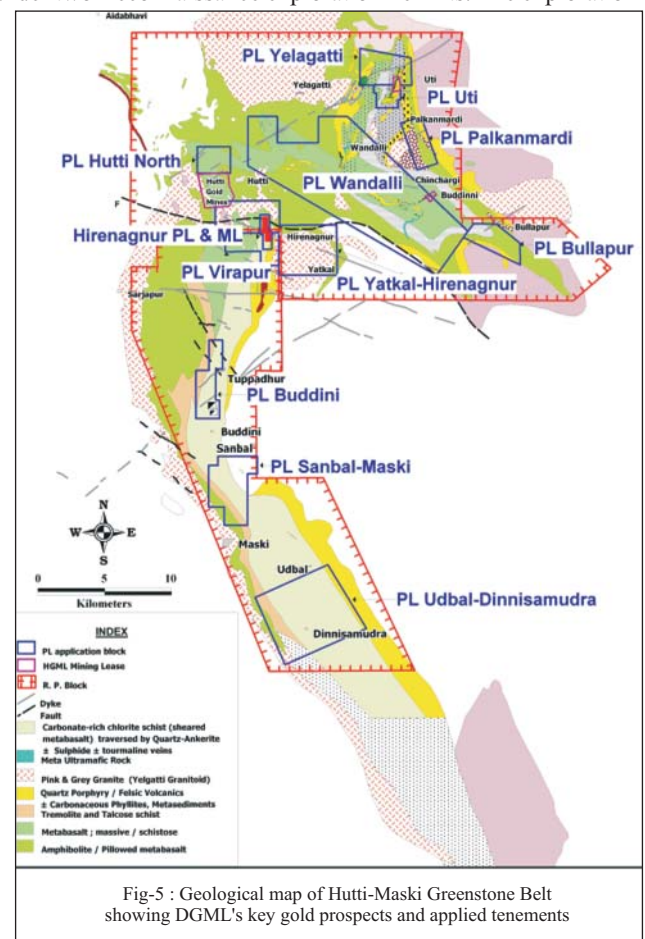
Hirenagur Prospect: Hirenagur Prospect is amongst the best discovery of DGML geologists. Hirenagur is located 5 kms southeast of Hutti Gold Mines operated by HGML. Systematic exploration by means of geochemistry, ground geophysics, RC drilling and structural mapping has established a mineralized system of 2 kms length over a width of nearly 50 metres. Preliminary drilling was concentrated in the Hirenagur Central Block. A total of 4 mineralised zones were delineated of which the eastern most zone i.e zone III has a strike length of 600 metres (Fig-6). The drill hole data was

metres over a width of 30 metres are defined. A probable resource of 80000 ounces of gold is estimated based upon results of shallow drilling programme. Detailed resource drilling will be undertaken once the Prospecting License is granted. Other prospects in and around Mangalagatti include Mangalagatti NW and Mangalagatti E.

DGML conducted a detailed ground magnetic survey to explore the extensions of the Mangalagatti-Bhavihal cluster. The ground magnetic data has revealed a NW-SE trending magnetic anomaly for a length of 8.0 kms (Fig-4). The data also reveals the possible extensions of Mangalagatti and Bhavihal gold bearing sulphidic cherts.

DGML has also identified several promising prospects at Kuluvalli, Lakkikoppa and Badamgatti, worthy of detailed exploration.

Hutti-Maski belt projects: The Hutti Maski Greenstone belt is one of the most important Archaean gold bearing belts in India. The Auriferous tracts of Hutti greenstone belt are remarkably similar to the classic Archaean Superior Craton in Canada, the Yilgarn Craton in Western Australia and the Kolar greenstone belt in India. DGML carried out exploration over an area 851 sq km in the Hutti Belt (Fig-5) under two Reconnaissance exploration Permits. The exploration



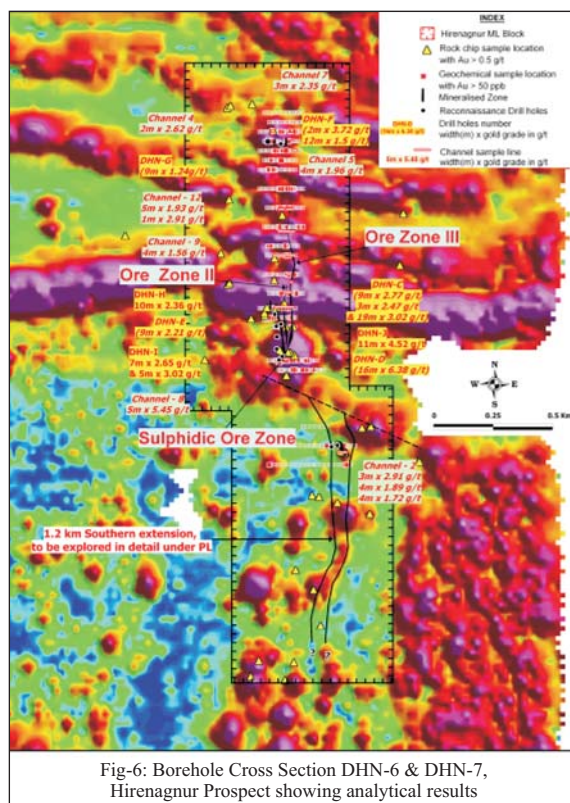


Fig-6: Borehole Cross Section DHN-6 & DHN-7, Hirenagur Prospect showing analytical results

processed by using Datamine Geological software which shows that all the 4 ore zones are open along strike and depth that would be explored by detailed drilling. Some of the best results are furnished below:

Drill hole No	Width (m)	Grade(g/t)
IHN-2	8	3.52
IHN-5	8	5.02
DHN-5	19	3.02
DHN-6	16	6.38
DHN-16	11	4.52

During the initial phase of exploration it was revealed that the Hirenagur gold mineralization is associated with strong magnetic anomaly. It was therefore felt that it would be useful to carry out a detailed ground magnetic survey to trace the strike extension of the mineralization, in addition to locating new anomalies, if any. Taking this as an exploration guide a magnetic survey was carried out involving 425 line kms to trace the extension of the mineralization towards north and south. The magnetic survey was successful in tracing a high magnetic anomaly for a length of 3.2 km coinciding with the main Hirenagur mineralization (Fig-7) and its extension towards north and south.

Chinchergu-Wandalli Block: This block is an excellent exploration target defined by DGML as a result of extensive geochemical exploration, geological mapping, ground magnetic survey and limited Reverse Circulation drilling. DGML targeted a part of the major WNW trending Chinchergu- Amareshwara lineament between

Chinchergu Prospect and Wandalli Prospect. Several ancient workings are seen all along this block.

In order to locate new targets in addition to tracing extensions of Wandalli and Chinchergu mineralisation, a bedrock geochemical programme was carried out involving 22 profiles and 1160 samples. The exploration has resulted in delineating two geochemical gold anomalies for 3.6 kms (Fig-8).

ASTER images processed for the Hutti greenstone belt reveals a significant NNE-SSE trending mineral alteration halo with possible sulphides over a length of 16.0 kms between Buddini in the south to Hirenagur in the north (Fig-9).

EXPLORATION IN ATTAPPADY PROJECT-KERALA.

DGML carried out exploration for gold in the 834 sq km Attappady Reconnaissance Permit in Palakkad district in Kerala between January-2006 and December 2008. During this period remote sensing studies, regional geological mapping, stream sediment sampling and regional rock chip sampling was carried out covering most parts of the Reconnaissance Permit, except the areas covered by protected forest. Encouraging results from the regional studies were used in target generation for semi-detailed studies.

Channel sampling, ground magnetic surveys, resistivity surveys were carried out in the selected exploration blocks. Among the targets identified, only limited test drilling could be undertaken in

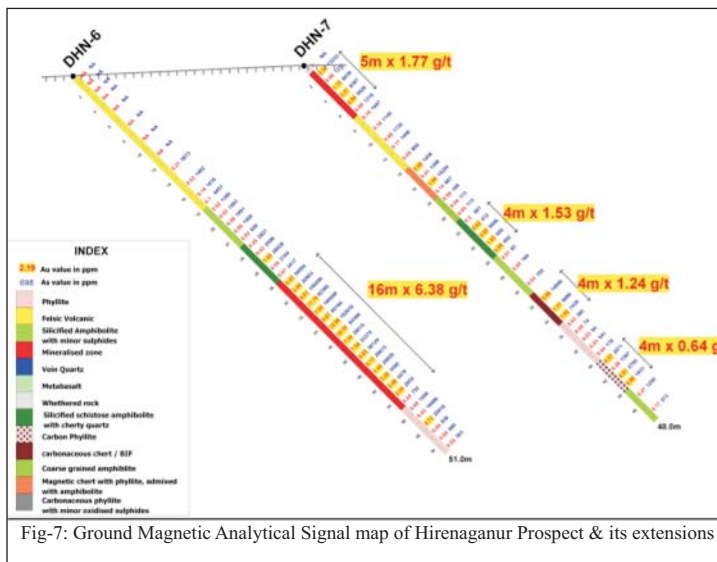
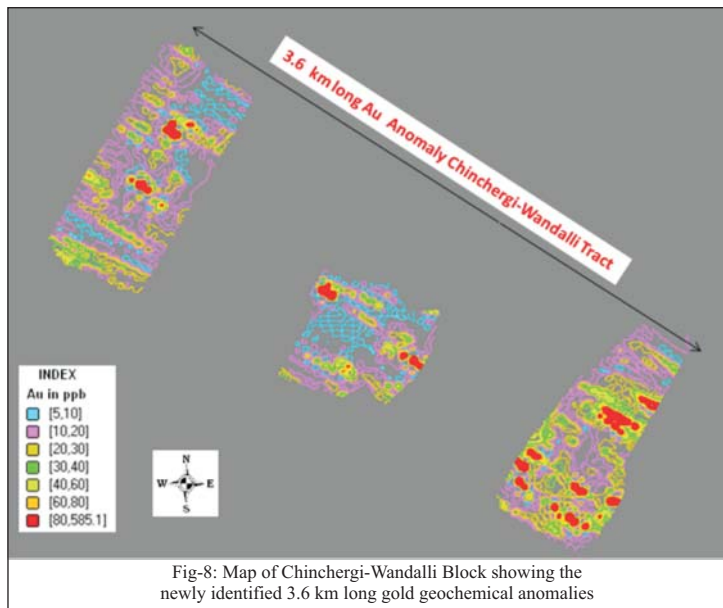


Fig-7: Ground Magnetic Analytical Signal map of Hirenaganur Prospect & its extensions



Vannanthara and Karaiyur areas because of the restrictions on the number of bore holes that can be drilled under Reconnaissance Permit. The results in Vannanthara and Karaiyur Prospects were not encouraging. The Karadippara prospect which is west of the known Puttumala prospect, appears to be worth taking up further detailed investigation, once the Prospecting License is granted.

RAMAGIRI BELT PROJECT

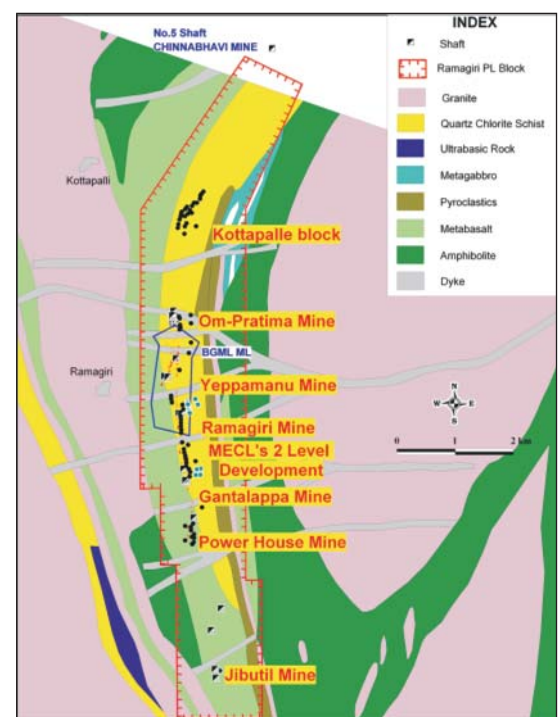
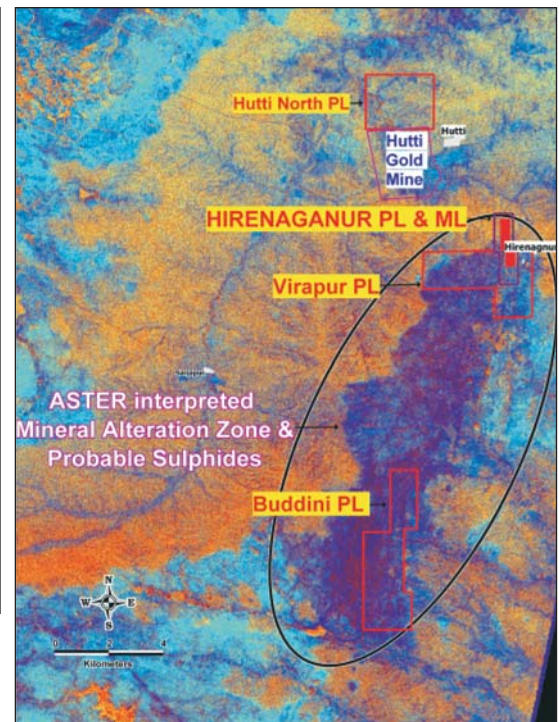
The grant of Prospecting licenses in Ramagiri belt is awaited and as a result no further updates can be reported for the period under review. However a summarized report of the work done earlier in Ramagiri project is presented below:

The Ramagiri belt forms the southern half of the Ramagiri-Penkacherla greenstone belt. Ramagiri is located 40km south-southeast of Anantapur and 180km due north of Bangalore. It is one of the important gold-bearing greenstone belts of the Eastern Dharwar Craton.

The Ramagiri Reconnaissance Permit block comprises the well known 13 km long Ramagiri Gold Field (RGF) that was a scene of intensive underground mining activity by the Britishers in the early part of the last century. Three main mining ventures in this tract produced about 176,338 ounces of gold at a recovered grade of around 15 g/t from high-grade veins in the years 1910 to 1927. Until April 2001, the Government of India owned Bharat Gold Mines Ltd. (BGML) was operating the underground Yeppamana Mine in the RGF. The GSI, has reported gold ore resource of 590,000 tonnes @ 3.7 g/t under different categories from the RGF and also an inferred resource of 3.96 million tonnes averaging 1.32 g/t to 5.6 g/t of gold.

DGML's Exploration resulted in delineating 3 blocks (Fig 10) worthy of detailed exploration by drilling. These are:

- 1) Ramagiri Gold Field block (RGF) - 20 sq km area
- 2) Boksampalle block - 17 sq km area





3) Ramagiri west block - 18 sq km area

PL applications filed on the first two blocks are under processing by the Govt. of Andhra Pradesh. The details of the most important Ramagiri Gold Fields Prospecting License block are furnished below.

Ramagiri Gold Fields (RGF):

The extension of the BGML's lease hold, Power House mine and the South Jibutil mine fall within our 20 sqkm Ramagiri Gold Field P.L. Block.

The Power House Mine

The power House mine is located to the south of the BGML's Gantalappa mine. It is reported to have produced about 4000t of ore with 17.6g/t. The GSI tested this mine with 12 diamond drill holes, and reported narrow widths of 0.18 to 0.29m but with high grades of 8.4 to 52.7g/t.

South Jibutil Mine

South Jibutil mine is located south of Powerhouse mine. As per earlier reports the two rich gold bearing ore shoots were recognized of which the main ore shoot yielded 13.6 to 37.5g/t gold. The two ore shoots merge at 800 metre depth to give rise to a wide ore body.

This mine has contributed to the main production from this sector during the British time. DGML's sampling has shown anomalous gold values in this sector. A 50 cm wide quartz vein with sulphides analysed 1.67 to 3.83 ppm of gold. Rock-chip sampling from an outcrop NE of Shaft No. 5 has analysed 2 g/t Au. Dump samples from the old mines reported 3 to 17 g/t gold. Detailed prospecting is proposed to be undertaken in the Jibutil area in the light of these encouraging results.

DGML believes that the Ramagiri greenstone belt is under explored. The Ramagiri Gold Fields comprises of several mines of which Power house, Jibutil falls within the PL application of GMSI. Yeppamana and Ramagiri mines are part of the BGML mining lease. A lot of ground between one mine and another remains still unexplored underground.

The historical data on mining as well as the present knowledge acquired by DGML makes this area an important target for exploration.

EXPLORATION FOR GOLD IN PARTS OF DJIBOUTI, EAST AFRICA

A gold exploration programme was launched during February 2008 in the East African nation of Djibouti, lying at tri-junction of the Great African Rift, under a JV-cum-consultancy basis with the Hong Kong–Mumbai based JB Global Group. Among the three known gold occurrences in Djibouti, the two prospects – Hesdaba & Asaleyta, in Gaggade tenement were targeted for detailed exploration, after the initial reconnaissance. Detailed geological mapping and systematic channel sampling (1200 samples) has revealed the existence of five sub-parallel zones of gold mineralization in Hesdaba Block (Fig-11) and a broad mineralized zone in Asaleyta prospect. The style of gold mineralization in Djibouti is considered as Epithermal type. Drilling is being undertaken at the two prospects.

DGML's Consultancy Wing

DGML has launched its consultancy wing through Deccan Exploration Services Pvt Ltd (DES), a fully owned subsidiary of DGML. DES has been offering consultancy services for Mineral and Oil & gas industry. These services include full fledged geological exploration as well as helping clients in acquiring mineral assets both in India and abroad. DES also signed a MOU with RMSI, leaders in Remote sensing services, to provided end to end services for mineral and oil& gas industry. As mentioned earlier DES has been involved in exploration of gold in Djibouti in Eastern Africa under a Joint Venture Agreement with JB group.

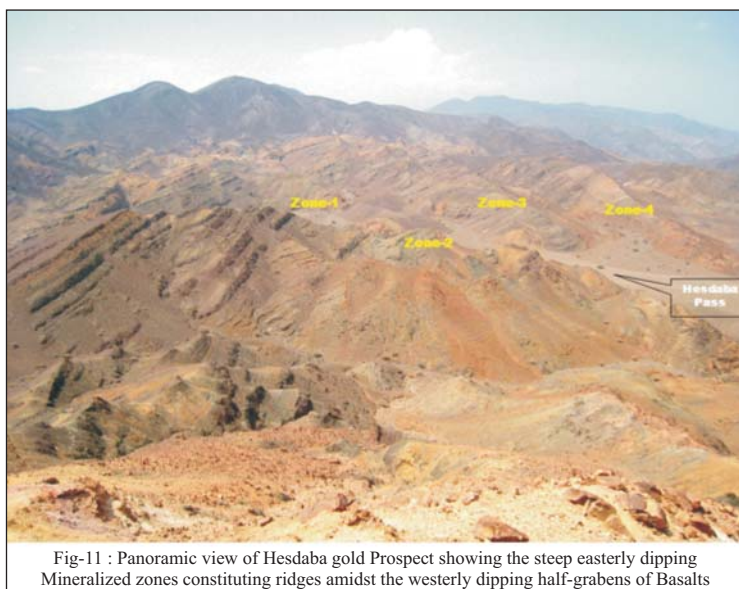


Fig-11 : Panoramic view of Hesdaba gold Prospect showing the steep easterly dipping Mineralized zones constituting ridges amidst the westerly dipping half-grabens of Basalts



EXPLORATION PERMITS & APPLICATIONS

Status of Applications

DECCAN GOLD MINES LTD. (DGML)							
RP APPLICATIONS BY DECCAN GOLD MINES IN INDIA							
RP Nos.	Block Name	District	State	Area in sq km	Date of Application	Ref. No. and Date	Status
DGML.RP-1	Attappadi*	Palakkad	Kerala	417	12.1.2004	R.P. Grant Notification No.G.O.(Ms)No.140/05/ID	We have completed the Reconnaissance operations and filed one PL application.
DGML.RP-2	Hutti South*	Raichur	Karnataka	1000	26.2.2004	No.DMG/04 ARP 2004/19221, Dt.3.3.2004.	Under processing at DMG, Bangalore.
DGML.RP-3	Hiriyur	Chitradurga & Tumkur	Karnataka	596	17.3.2004	No.DMG/07 ARP 2004/19751, Dt.18.3.2004	Under processing at DMG, Bangalore.
DGML.RP-4	Harapanahalli	Chitradurga, Bellary & Dharwad	Karnataka	1370	3.3.2004	No.DMG/05 ARP 2004/19298, Dt.6.3.2004	Applied area is overlapping with earlier granted RPs. Our application will be considered at the time of RP re-grant notification.
DGML.RP-5	Ramagiri*	Anantapur	Andhra Pradesh	2430	19.6.2004	No.F.No.17808/R4-3/04, Dt.19.6.2004	Under processing at DMG, Hyderabad.
DGML.RP-7	Mangalur-Jainapur	Gulbarga	Karnataka	408	3.8.2004	No.DMG/11 ARP 2004/5781, Dt.5.8.2004	Recommended to MoM, vide letter no.CI.67:MMM.2007, dt.7.5.2008. MoM asked some queries to State Government. State Government is in the process of replying the queries. The free area is 243.34 sq km.
DGML.RP-8	Mavinahole	Shimoga	Karnataka	188	10.1.2005	No.01 ARP/2005/16065, dt.18.1.2005	Under processing at DMG, Bangalore.
DGML.RP-9	Nilambur*	Malappuram	Kerala	1200	7.3.2005	No.1862/M1/2005, Dt.16.3.2005	Pending decision in Kerala Government in view of the reservation of the area for investigation by GSI
DGML.RP-10	Ranibennur*	Haveri, Bellary & Chitradurga	Karnataka	2685	5.1.2006	No.01 ARP 06/12342, dt.7.1.2006	Under processing at DMG, Bangalore.
9 RPs			TOTAL	10,294			
<i>* Important Blocks</i>							
<i>RP = Reconnaissance Permit</i>							

DECCAN GOLD MINES LTD. (DGML)						
PL APPLICATIONS BY DECCAN GOLD MINES LTD.						
PL No.	Block Name	District	Area in sq km	Date of Application	Ref. No. & Date	Status
KARNATAKA STATE						
DGML.PL-1	Kempinkote	Hassan	4	29.8.2003	No. 30 APL 03/11181, dt.1.9.2003	We are in the process of obtaining revenue clearance.
DGML.PL-4	Karajgi Extension	Haveri	21	30.10.2007	No.102APL 07/10680, dt.2.11.2007	Under processing at DMG, Bangalore. Part of the applied area is overlapping with held area of M/s.HGML.
DGML.PL-7	Ajjenahalli	Tumkur	1	2.4.2009	No.DMG/58/APL 09/450, dt.17.4.2009	Under processing at DMG, Bangalore.
3 PLs		TOTAL	26			
KERALA STATE						
DGML.PL-2	Puttumala	Palakkad	81	7.3.2005	No.1863/M1/2005, Dt.16.3.2005	Under processing at State Government of Kerala.
DGML.PL-3	Maruda	Malappuram	9	1.2.2006	No.983/M1/2006, Dt.1.2.2006	Pending decision in Kerala Government in view of the reservation of the area for investigation by MECL
2 PLs		TOTAL	90			
CHHATTISGARH STATE						
DGML.PL-5	Bagmara	Raipur	20	3.12.2008	S.No.658, dt.3.12.2008	Under processing at Deputy Director, Department of Mines, Raipur District.
DGML.PL-6	Rajadevri	Raipur	28	3.12.2008	S.No.657, dt.3.12.2008	Under processing at Deputy Director, Department of Mines, Raipur District
2 PLs		TOTAL	48			



DECCAN GOLD MINES LTD. (DGML)						
INCLUDING PL APPLICATIONS OF DECCAN EXPLORATION SERVICES PVT. LTD. (DES) & GEOMYSORE SERVICES (INDIA) PVT.LTD. (GMSI)						
PL Nos.	Block Name	District	Area in sq km	Date of Application	Ref. No. and Date	Status
KARNATAKA STATE						
DES.PL-1	Hutti North	Raichur	5	1.8.2003	No.24 APL 03, Dt.18.8.2003	Court decision is pending at High Court of Karnataka.
DES.PL-2	Ganajuru-Karajgi	Haveri-Dharwar	2.3	17.10.2003	No. 40 APL 03, Dt.20.10.2003	Approved by MoM, New Delhi on 22.12.2008. File is under process in the office of Chief Minister of Karnataka.
DES.PL-3	Uti	Raichur	2.9	14.1.2004	No.06APL04/16815, Dt.16.1.2004	Under processing with Government of Karnataka.
DES.PL-4	Yatkal-Hirenagnur	Raichur	21	1.10.2004	No.106 APL04/11544, Dt.18.10.2004	File is in process at DMG, Bangalore.
DES.PL-4A	Hirenagnur	Raichur	1.8	28.4.2006	No. 54 APL 06 Dt.5.5.2006	File is in process at DMG, Bangalore.
DES.PL-5	Wandalli	Raichur	90	21.10.2004	No.11APL04/10976, Dt.28.10.2004	File is in process at DMG, Bangalore.
DES.PL-6	Kulavalli	Belgaum	2	15.10.2004	No.127APL 2004, Dt.24.11.2004	File recommended to MoM, New Delhi on 17.5.2008.
DES.PL-7	Yelagatti	Raichur	9	17.12.2004	No.162 APL04/13923, Dt.20.12.2004	File is in process at DMG, Bangalore.
DES.PL-8	Turkara-Sigihalli	Belgaum	1.7	31.12.2004	No.181 APL 04/14744, Dt.3.1.2005	Revenue clearance obtained. File is in process at DMG, Bangalore.
DES.PL-9	Bhavihal	Dharwad	1.5	4.1.2005	No.02 APL 2005, Dt.6.1.2005	Revenue clearance is under process.
DES.PL-10	Mangalagatti	Dharwar	4	11.1.2005	No.07 APL 2005, Dt.17.1.2005	File Recommended to MoM, New Delhi on 28.4.2008. MoM referred some queries to State Government which is in the process of replying to the queries.
DES.PL-11	Ganajuru-Extension	Haveri	8	12.1.2005	No.08 APL 2005, Dt.17.1.2005	File Recommended to MoM, New Delhi .
DES.PL-12	Lakkikoppa	Haveri	5	22.3.2005	No.39 APL 05	Revenue clearance obtained. File is in process at DMG, Bangalore
DES.PL-13	Palkanmardi	Raichur	6	28.2.2006	No.39 APL 06/17, Dt.29.3.2006	Revenue clearance is under process.
DES.PL-14	Bullapur	Raichur	7	15.3.2006	No.36 APL 06/15624, Dt.25.3.2006	File is in process at DMG, Bangalore.
GMSI.PL-4	Sanbal-Maski	Raichur	14.7	29.8.2003	No. 32 APL 2003, Dt. 29.8.2003	Revenue clearance obtained. File is in process at DMG, Bangalore.
GMSI.PL-5	Buddini	Raichur	8	29.8.2003	No. 31 APL 2003, Dt. 29.8.2003	Under processing with Government of Karnataka.
GMSI.PL-7	Mangalur	Gulbarga	1.2	7.11.2003	No.46 APL 03, Dt.10.11.2003	Under processing with Government of Karnataka.
GMSI.PL-8	Jainapur	Gulbarga	1.1	7.11.2003	No.47 APL 03/13967, Dt.10.11.2003	Recommended to MoM, New Delhi on 29.4.2008. MoM queried certain matters with State Government which is in the process of replying to the queries.
GMSI.PL-12	Udbal-Dinnisamudra	Raichur	35	14.1.2004	No.9 APL 04, Dt.29.7.2004	Revenue clearance is under process.
GMSI.PL-28	Virapur	Raichur	7	1.10.2004	No.105 APL 2004/11545, Dt.18.10.04	Revenue clearance is under process.
GMSI.PL-29	Mukangavi	Gulbarga	4.5	7.10.2004	No.107 APL 04/11543, Dt.18.10.2004	Revenue clearance is under process.
22 PLs			238.7			
ANDHRA PRADESH STATE						
GMSI.PL-3	Ramagiri	Anantapur	20	23.8.2003	No.2095/M2/2003, Dt.23.8.2003	Recommended to MoM, New Delhi
GMSI.PL-14	Boksampalle	Anantapur	17	26.8.2004	No.1903/PL/04, Dt.26.8.2004	Under review at DMG, Hyderabad.
2 PLs			37			
DGML= Deccan Gold Mines Ltd.						
DES = Deccan Exploration Services Pvt .Ltd. is a 100% owned subsidiary of DGML						
GMSI = Geomysore Services (India) Pvt. Ltd.						
PL = Prospecting Licence						



DECCAN GOLD MINES LTD. (DGML)						
ML APPLICATIONS BY DECCAN GOLD MINES LTD. AND DECCAN EXPLORATION SERVICES PVT. LTD. AND GEOMYSORE SERVICES (INDIA) PVT.LTD. (GMSI)						
ML Nos.	Block Name	District	Area in sq km	Date of Application	Ref. No.	Status
RAJASTHAN STATE						
DGML.ML-1	Bharak	Bhilwara	2	16.4.2005	ML.No.191/05, Dt.16.4.2005	Revenue clearance is under process.
1 ML		TOTAL	2			
KARNATAKA STATE						
DES.ML-1	Mangalagatti	Dharwad	0.24	9.1.2004	No.24AML 2004	Revenue clearance is under process.
DES.ML-2	Ganajuru	Dharwad	0.29	8.6.2006	No.567 AML 06/3389	Revenue clearance is under process.
DES.ML-3	Hirenagnur	Raichur	0.65	9.6.2006	No. 572 AML 06/3389, Dt.12.6.2006	We have obtained consent of land owners. File is in process at DMG, Bangalore.
DES.ML-4	Ganajuru-Karajgi	Haveri	8	9.1.2009	No.DMG/01/AML/2009-10/13130, Dt.27.1.2009	File is in process at DMG, Bangalore.
4 MLs		TOTAL	9.18			
ANDHRA PRADESH STATE						
GMSI.ML-20	Ramagiri	Anantapur	1.3	10.4.2008	Ack.No.1770/M/08, Dt.11.4.2008	File is in process at Assistant Director's Office, Anantapur District.
1 ML		TOTAL	1.3			
DGML = Deccan Gold Mines Ltd.						
DES = Deccan Exploration Services Pvt.Ltd. is a 100% owned subsidiary of DGML						
GMSI = Geomysore Services (India) Pvt.Ltd.						
ML = Mining Lease						