



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Deccan Gold Mines Limited will be held on Wednesday, the 29 September, 2010 at 3.00 p.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 31 March 2010 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 Prof V.K. Gaur, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. V. Sivakumar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. V.K. Beswal & Associates, Chartered Accountants, Mumbai (Firm Registration No. 101083W) 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.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification (s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, the Company hereby approves of the reappointment by the Board of Directors (“the Board”) of Mr. Sandeep Lakhwara as Managing director on a salary of Rs. 1,00,000/- per month with effect from 1st May, 2010 for a period of 3 years with liberty to either party to terminate the appointment on three months notice in writing to the other, with further liberty to the Board of Directors to increase the salary and / or revise the terms of employment, from time to time in such manner as may be in the best interest of the Company subject however to the restrictions, if any, contained in the Companies Act, 1956, including Schedule XIII thereto, as amended up to date.

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

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

Place : Bangalore
Date : 12 August, 2010

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 25 September, 2010 to Wednesday, the 29 September, 2010 (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.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5:

The shareholders may note that Mr. Sandeep Lakhwara was appointed as the Managing Director for a period of 3 years with effect from 1st May, 2007 upon the terms & conditions including remuneration as approved by the Board at its meeting held on 30 April, 2007 and approved by the shareholders at their AGM held on 14 December, 2007.

Pursuant to the recommendation of the Remuneration Committee, the Board of Directors of the Company, at their meeting held on 30 April, 2010, re-appointed Mr. Sandeep Lakhwara as the Managing Director of the Company for a period of 3 years with effect from 1st May, 2010 at a salary of Rs. 1,00,000/- per month and upon the other terms and conditions as contained in the resolution pertaining to Item No. 5 of the Notice convening the AGM.

The abstract of the terms and conditions of appointment furnished in the Resolution pertaining to Item No. 5 may be treated as the statement required to be sent to the shareholders pursuant to Section 302 of the Companies Act, 1956.

Further, details regarding Mr. Sandeep Lakhwara, his expertise in specific functional areas, other Directorships / committee memberships, are furnished in the Annexure forming part of the Notice convening the AGM.

The Board recommends the resolution for approval of the shareholders.

Except Mr. Sandeep Lakhwara, none of the directors of the Company is concerned or interested in the said resolution.

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

Place : Bangalore
Date : 12 August, 2010

S. Subramaniam
Company Secretary



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

(Pursuant to Clause 49 of the Listing Agreement)

1. PROF V. K. GAUR

A brief resume and expertise of Prof V. K. Gaur 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 Prof V. K. Gaur 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 Prof V. K. Gaur, a non-executive director, does not hold any shares in the Company as on 12 August, 2010 (either in his own name or held by / for other persons on a beneficial basis).

2. MR. V. SIVAKUMAR

A brief resume and expertise of Mr. V. Sivakumar 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. V. Sivakumar holds directorship / committee membership in the following Companies (other than Deccan Gold Mines Limited):

Name of the Company	Designation	Committee Chairmanship	Committee Membership
Geomysore Services (India) Private Limited	Director	Nil	Nil
Trident Mineral Resources Private Limited	Director	Nil	Nil
Indian Australian Mining Company Private Limited	Director	Nil	Nil
Jhansi Mining Private Limited	Director	Nil	Nil
Premier Nickel Mines Private Limited	Director	Nil	Nil
Goan Mineral Resources Private Limited	Director	Nil	Nil
Premier Minerals Exploration Private Limited	Director	Nil	Nil
Elcom Systems Private Limited	Director	Nil	Nil
Planet Metals India Private Limited	Director	Nil	Nil
Boula Platinum Mining Private Limited	Director	Nil	Nil
Sun-Apollo Real Estate Advisors Private Limited	Director	Nil	Nil

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. V. Sivakumar, a non-executive director, does not hold any shares in the Company as on 12 August, 2010 (either in his own name or held by / for other persons on a beneficial basis).

3. MR. SANDEEP LAKHWARA

A brief resume and expertise of Mr. Sandeep Lakhwara 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. Sandeep Lakhwara does not hold Directorship or Committee Chairmanship or Membership in any other Company.



LETTER FROM CHAIRMAN

Dear Shareholders,

This past year has been part of a journey that is going to lead our Company to not only eventually becoming a world class gold producer but also being a possible pioneer in the use of a new technology for extracting gold from the rocks without the use of Cyanide.

We have signed an MOU with the Karnataka Government for the establishment of a 2000 tpd gold processing facility in Ganajur to treat the ore extracted from this prospect. Our Mining License application over this prospect is in the final stages of processing with the State Government of Karnataka. Whilst approvals of the Director, Mines and Geology and the State Secretary have been received, the Mines Minister's approval is pending. Applications will be made shortly for Environmental and other clearances.

The new technology to extract gold has been tested in the laboratory with positive results. The next stage will be to test its efficacy by building a pilot plant to treat at least ten tons per day of sulphidic ore provided from our Ganajur prospect. The system will allow for an environmentally clean process. All the heavy metals which cause so much world wide pollution from mines will be recovered instead of being left to pollute ground water.

If all goes well with the next stage, our Company will be amongst the first in the world to adopt this new environmentally friendly technology.

Our team at Ganajur have just completed a very successful drilling program. One of the drill holes passed through a 42.84 meter mineralized zone with an average grade of 8.9 g/t. This is the sort of result that a Mining Company can only dream about. What this now tells us, is that the potential for mining in Ganajur is excellent. Our aim during the next stage of drilling will be to try and prove up at least 500,000 ounces of gold. Our team believe that this is feasible.

Our on going battle with Hutti Gold Mines over legal rights to our new discoveries in the Hutti region is moving towards a conclusion. Revision Petition applications lodged in Delhi are being heard over the next few weeks. We believe our legal position is very strong as these areas were originally held by us under granted Reconnaissance Permits and considerable exploration work has been undertaken by us to upgrade knowledge on the prospect.

I would like to note that your company is also working very closely with the Government on various regulations relating to the enactment of new mining laws for the betterment of this sector. There have been some comments made lately on the inability of the company to fast track the grant of licenses. I have been personally involved at various levels with the State Governments and the Centre and can assure you that every effort is being made to ensure that licenses will be granted as soon as possible. As a benchmark, you need to compare the number of years taken by some of the world's major mining houses contemplating operations in India to actually commence such operations.

Deccan Gold Mines is at an exciting stage of its evolution. We are going to be a part of the Mining History of India. We not only plan to make good returns for our shareholders but we also plan to be a catalyst for social and economic change in the surrounding area of the Ganajur Mine, through our Foundation, called the Australian Indian Rural Development Foundation. Through this Foundation Deccan will be able to facilitate social and economic activities in the surrounding areas of the mine.

We are all excited in our company about the potential to develop a mine at Ganajur and though at times we may be frustrated with the Government and the bureaucrats dealing with our files, I can say categorically that we are now moving forward in a very positive way.

Yours Faithfully,

Charles E E Devenish
Chairman



CONTENTS

Corporate Information	2
Profile of Directors and Key Personnel	3
Report on Exploration Activities	6
Status of Exploration Permits and Applications	14
 Deccan Gold Mines Limited	
Directors' Report	19
Section 212 Statement	23
Management Discussion & Analysis	24
Report on Corporate Governance	28
Auditors' Report	37
Balance Sheet	40
Profit and Loss Account	41
Schedules and Notes to Accounts	42
Cash Flow Statement	49
Balance Sheet Abstract	50
 Subsidiary Company	
Deccan Exploration Services Private Limited	
Directors' Report	51
Auditors' Report	53
Balance Sheet	54
Profit and Loss Account	55
Schedules and Notes to Accounts	56
Balance Sheet Abstract	60
 Consolidated Accounts of	
Deccan Gold Mines Limited and Deccan Exploration Services Private Limited	
Auditors' Report on Consolidated Accounts	61
Consolidated Balance Sheet	62
Consolidated Profit and Loss Account	63
Schedules and Notes to Consolidated Accounts	64
Consolidated Cash Flow Statement	70
Consolidated Balance Sheet Abstract	71



CORPORATE INFORMATION

Chairman	: Mr. Charles E.E. Devenish
Managing Director	: Mr. Sandeep Lakhwara
Directors	: Mr. V. 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 : 91-22-40764466 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

Charles Devenish has extensive experience spanning 35 years in mining, with a large range of interests in India, Australia and Burma. He has strong involvement in mineral exploration in Australia and overseas for decades and 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. Charles moved to 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. His active role in exploration and mining projects, his profound knowledge of the mining industry, his extensive corporate background and his concerns for Indian rural development based on mining will provide significant and valued inputs to the Company.

SANDEEP LAKHWARA

Managing Director

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 over 2 decades, headed various organizations in the past, at times taking small start-ups to fully developed successful businesses, and moved to Bangalore, India during 2002 to oversee the development of the mineral exploration projects in India. He is primarily responsible for the acquisition and growth of Deccan Gold Mines Limited and is the Managing Director of the Company. 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.

V. SIVAKUMAR

Director

Mr. V. 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 throughout India for the Company.

GEOLOGICAL CONSULTANT

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

Mr. Peshwa has nearly 25 years of experience as a mining and exploration geologist and specializes in gold exploration and resource modeling studies. He worked as a Mining & Exploration Geologist for 13 years with Bharat Gold Mines Limited. He has the distinction of working in the world famous Champion Reef Mine and carried out detailed exploration of Champion lode system both in deep and shallow levels. This has resulted in delineating new parallel lodes of the Champion Lode system. From 1996 to 2002 he worked as a Project Manager with ACC Limited and was involved in exploration of gold and other minerals. Mr. Peshwa is an RQP holder from the Indian Bureau of Mines. 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. M.K. DEVARAJAN

Dr. Devarajan guides the exploration activities in respect of some gold exploration projects of the company. He was with the Geological Survey of India for 17 years and while in GSI, had carried out geological mapping and exploration for copper in the extension areas of the world class Malanjkhand of Central India. He had also carried out exploration for manganese in the Sausar belt and for gold in the Mahakoshal belt. He also led the investigations for the site selection studies of a Nuclear Power Plant in the Ratnagiri district of Maharashtra.

GEOLOGICAL CONSULTANT

DR. M. HANUMA PRASAD

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

GEOLOGICAL CONSULTANT

DR. SALEEM AHMED KHAN

Dr. Saleem Khan has over 26 years of experience as a Geologist in the Geological Survey of India. Dr. Saleem is highly experienced in geological mapping of all types of terrains and in exploration of gold, base metals and PGE. He holds the distinction of discovering the gold deposits of G.R. Halli, Kotemardi and C.K. Halli in Chitradurga schist belt and Lakkikoppa in Shimoga-Dharwar schist belt. He also carried out detailed exploration, including drilling for epithermal gold & silver mineralization in Republic of Djibouti (North East Africa). Dr. Saleem is presently involved in evaluating the gold resources in PL blocks of Mahakoshal belt in Madhya Pradesh, India. Dr. Saleem is an IBM recognized RQP for preparation of Mining Reports.

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 13 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.



REPORT ON EXPLORATION ACTIVITIES

DGML Signs MOU with the Government of Karnataka

Deccan Exploration Services Pvt.Ltd, a subsidiary of DGML, signed an MOU with the Government of Karnataka during the Global Investors Meet at Bangalore on 4th of June 2010 for commencement of a Gold Mine and setting up of a processing plant at Ganajur village, which is subject to further feasibility study on the economic viability of doing so. As part of the MOU the state government has agreed to assist the company in getting the necessary approvals and clearances on priority as per rules and regulations. The state government will also endeavor to provide required infrastructure facilities such as water and power. The signing of the MOU captures our commitment for the establishment of a gold mine at Ganajur and the State Government of Karnataka's commitment to assist us in doing so.

Future plans for Ganajur Gold Project

DGML has filed a mining lease application for 0.29 sq.kms covering Ganajur Gold Project with the Karnataka State government which is being pursued vigorously. The ML application is in the final stage of being referred to the MOM, New Delhi by the State Government of Karnataka for approval.

DGML will also soon submit Terms of Reference and a pre feasibility report with the State Environment Assessment Authority to initiate Environmental clearance for the project. This will be followed by feasibility studies by an independent agency to establish the economic viability of mining operations and setting up a Gold Processing Plant at Ganajur as envisaged in the MOU.

To further enhance the existing resources mentioned in the following pages, DGML proposes to carry out detailed EM and IP ground geophysical survey in the entire Ganajur - Karajgi PL block of 2.20 sq. kms. Details of work undertaken to date are presented below.

DHARWAR-SHIMOGA BELT PROJECT

DGML explored the entire area of 5,329 sq km in the Dharwar-Shimoga Greenstone belt under 3 RP blocks and succeeded in identifying 22 prospects (Fig-1). Gold mineralization in all the prospects is hosted within sulphidic banded ferruginous chert. A total of 7 PL and 2 ML applications were submitted covering the prospects identified by DGML. Of the 7 PL applications only Ganajur-Karajgi PL was granted where detailed exploration is underway. Report of the exploration is furnished below:

1. Ganajur-Karajgi PL Block

Ganajur-Karajgi PL Block is part of the late Archaean-Dharwar-Shimoga greenstone belt in the western Dharwar Craton. Deccan Gold Mines Ltd (DGML) during the R.P. tenure carried out systematic reconnaissance in the Hanagal R.P. block covering an area of 1,542 Sq km.



DGML signs MOU with the Government of Karnataka on Ganajur Gold Project.

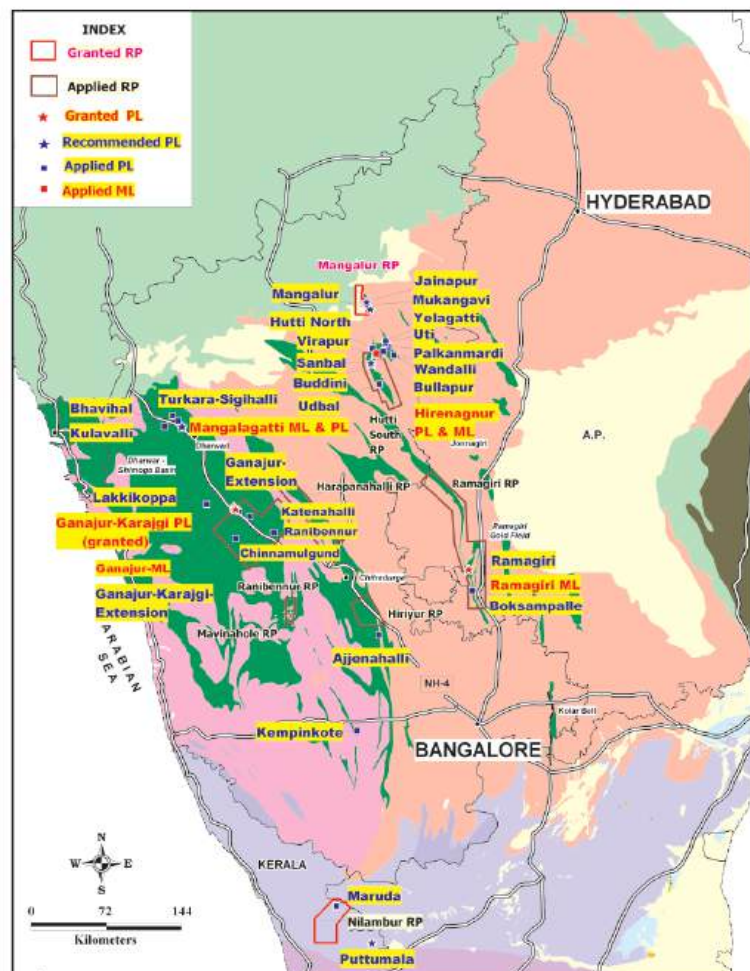
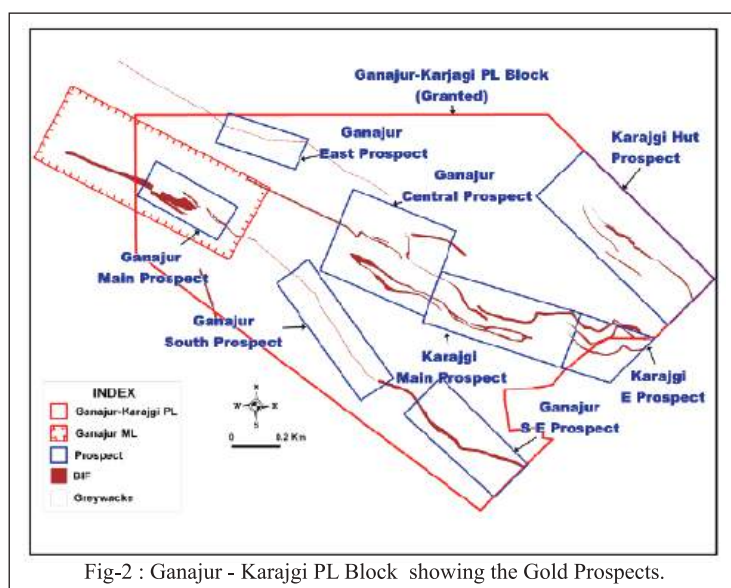


Fig-1 : Geological Map of Karnataka, Kerala & A.P. showing Gold Prospects under the control of DGML



The exploration efforts of DGML resulted in locating several significant gold prospects that included Ganajur Main prospect and the adjacent prospects in the Ganajur-Karajgi cluster (Fig-2).

DGML was granted the Prospecting Licence over an area of 2.2 sq.kms by the Government of Karnataka in September 2009.

Ganajur-Karajgi PL has eight gold bearing prospects designated as Ganajur Main, East, South, South East, Central prospects, Karajgi Main, Karajgi East and Hut prospects. The Ganajur Main prospect discovered by DGML has now progressed into a highly potential mineable resource. Immediately after the grant of the Prospecting Licence, DGML launched systematic and detailed exploration in Ganajur Main and its adjoining gold prospects. Exploration which has progressed substantially included trenching, diamond core and RC drilling in two phases in the PL block.

Phase I exploration involved 763.45 m of diamond

core drilling and 2328 metres of RC drilling at Ganajur Main, Central, SE prospects and Karajgi Main prospect while Phase II exploration consisted of 1739.45 m of resource and infill drilling at Ganajur Main Gold Deposit. Prospect wise exploration results are summarized below:

BH ID	From (m)	To (m)	Average Width (m)	Average Au (g/t)
G34	63	72	9	6.49
GMC-1	34.60	43.60	9.00	5.21
GMC-2	46.20	53.40	7.20	1.51
GMC-2	54.40	79.90	25.50	1.12
GMC-3	59.40	79.90	20.50	2.64
GMC-3	84.40	93.40	9.00	3.27
GMC-4	29.50	45.00	15.50	2.84
GMC-4	48.00	56.50	8.50	5.85
GMC-5	50.00	79.00	29.00	8.54
GMC-6	38.50	48.00	9.50	5.60
GMC-7	39.90	72.50	32.60	9.89
GMC-9	83.00	90.00	7.00	4.46
GMC-10	48.35	75.00	26.65	3.86



Fig-3 : Diamond Core Drilling operation at Ganajur Main Gold Prospect, Ganajur-Karajgi PL.

Ganajur Main Prospect:

The highly rated Ganajur Main gold prospect was investigated in detail in the phase I drilling programme. A total of 20 holes comprising of 10 diamond core and 10 RC drill holes were completed involving 1255.45 metres (Fig-3). The objective of the Phase I drilling programme was to explore the strike and depth continuity of the Ganajur Main ore deposit and also to carry out necessary infill drilling to increase the confidence level of the earlier drilling programme. More over the modern techniques such as core orientation and deviation surveys adopted during this drilling programme helped in understanding better the structural control of gold mineralization.

The average grade and width of mineralized zone intersected in the drill holes are furnished in Table below & in (Fig-4).

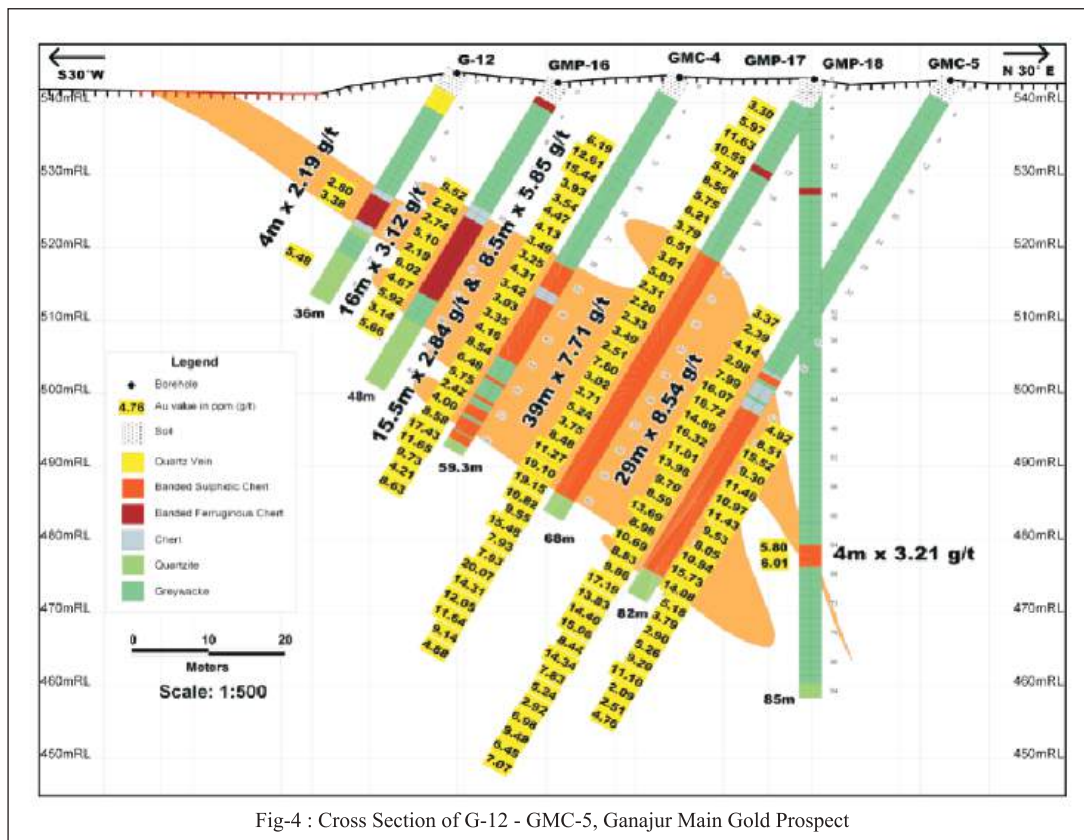


Fig-4 : Cross Section of G-12 - GMC-5, Ganajur Main Gold Prospect

Highlights of the drilling programme:

Core drilling was carried out using HQ accessories and down hole deviation was measured at regular intervals using sophisticated Bore hole camera. DGML followed strict quality control measures.

For the first time in India core orientation drilling was adopted for gold exploration for understanding the sub surface structures of the ore body. This technology to obtain oriented cores has been used successfully in Australia and other countries hosting large gold deposits.

Consolidation of the present drilling results with the results obtained during the RP tenure has resulted in increase in the overall length, depth and resources of the Ganajur Main ore body.

VISIT OF SRK

DGML appointed SRK Mining Services (India) Private Limited (SRK), for carrying out Independent Mineral Resource Evaluation and preparation of a Technical Report for the most promising Ganajur Main Gold Prospect. SRK team visited the project area in January and carried out detailed study of the exploration data, and an audit of QA/QC data. After a detailed evaluation of all the data SRK submitted a mineral resource estimation report as per internationally accepted JORC standards (Fig-5).

SRK also considered there is an opportunity to increase the mineral resources at depth below the current level of exploration and additional drilling will improve the classification of the resources. SRK also expressed satisfaction on the overall QA/QC procedures adopted by DGML.



Fig-5: Visit of SRK Consultants to Ganajur Main prospect.



The summary of the resource estimated by SRK is submitted below:

Category (JORC)	Quantity (tonnes)	Grade (g/t)	Gold (ounces)
1. Indicated			
Sulphide	1,430,000	4.45	204,600
Oxide	390,000	2.69	33,700
Total Indicated	1,820,000	4.07	238,300
2. Inferred			
Sulphide	182,000	2.28	13,400
Oxide	136,000	3.04	13,300
Total Inferred	318,000	2.61	26,700

Phase II Drilling

As per the recommendations of SRK, DGML carried out infill and resource drilling in order to explore the strike and depth continuity of gold mineralization of the Ganajur Main Prospect as per JORC standards. The drilling was also aimed at upgrading the existing category of resource. A total of 1730 metres of drilling were completed as per international standards and guidelines of SRK. Results of some of the drill holes received to date indicate extension of the ore body further North West by another 150 metres making the overall length of the Ganajur Main ore body to 600 metres. One of the drill holes, GMC-16 passed through high grade gold mineralization of 8.91 g/t over significant width of 42.84 m (Fig-6). The analytical results of GMC-11, 12, 16 and 20 received to date and given below are very positive.

Drill hole No.	From (m)	To (m)	Average Width (m)	Average Grade Au (g/t)
GMC-11	39.3	46.8	7.5	5.37
	54.2	57.7	3.5	6.65
	62.8	65.8	3	4.19
GMC-12	44	58.3	14.3	4.03
GMC-16	22.5	65.34	42.84	8.91
GMC-20	24.2	40.7	16.5	3

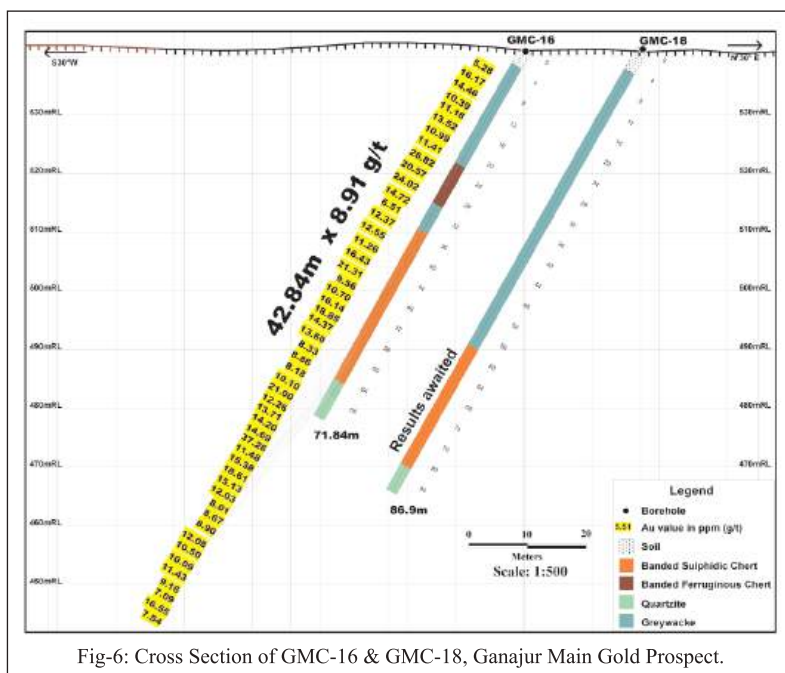


Fig-6: Cross Section of GMC-16 & GMC-18, Ganajur Main Gold Prospect.

Phase I and II drilling results have brought to light the existence of a high grade zone in the central portion of the Ganajur Main ore body for nearly 200 metres which is expected to increase the overall economics of the deposit (Fig-7).

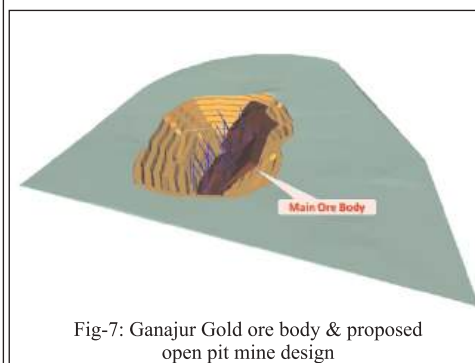


Fig-7: Ganajur Gold ore body & proposed open pit mine design



Ganajur South East Prospect

Ganajur southeast prospect (GSEP) is located around 1.2 km SE of Ganajur Main prospect. Channel sampling and the follow up DTH drilling carried out during the R.P. tenure helped DGML to delineate a mineralized zone for a length of 455 metres.

Based on the initial reconnaissance carried out during the R.P. tenure, the north-west portion was found to be more promising and warranted further drilling. DGML carried out 576 meters of R.C. drilling involving 12 drill holes as part of the Phase I drilling programme. Some of the best drill intersections include 15m @ 6.23 g/t, 2m @ 4.36, 3m @ 2.43 g/t Au in GSEP-22, GSEP-24, GSEP-26 respectively.

Ganajur East Prospect

Ganajur east prospect is a new discovery of DGML as a result of recent geophysical survey and geological mapping. It is located around 500m east of Ganajur village and 300m north of Ganajur main prospect. The recent Ground magnetic survey and SP-Resistivity survey has resulted in delineating nearly 2.0 kms long NW-SE trending BIF band. All along this band a low geophysical SP and high resistivity anomaly was noticed.

DGML explored this band by excavating 4 trenches. The NW part of the chert band was more sulphidic compared to the SE part. One of the trenches analysed 12.0 g/t Au over 1.6 m width. DGML considers Ganajur East as highly prospective and plans to carry out RC drilling in the near future.

Ganajur Central Prospect

DGML carried out geological mapping, limited trenching, Resistivity- SP geophysical survey in the Ganajur central prospect. Based upon the recent work and the earlier exploration by DGML, two auriferous chert bands were delineated, named zone G and F. Previously one of the boreholes drilled for band G intersected 4m wide mineralized zone averaging 18.31 g/t Au. Trenches were exposed to trace the continuity of this mineralization one of which exposed 4.15 wide mineralized chert averaging 3.77 g/t Au.

DGML carried out a detailed RC drilling programme involving 661 metres from 16 holes. Best results were obtained in drill holes GCP-2 (2.0m @ 3.92 g/t Au) and GCP-7 (2.0m @ 6.33 g/t Au).

Karajgi Main and East Prospects

Karajgi Main is located 1 km East of Ganajur Main Prospect and comprises of two sulphidic chert bands designated as bands A and B. Band B has a drilled resource of 90000 tonnes averaging 2.23 g/t. Ancient workings are noticed all along this prospect. DGML explored the sulphidic bands A and B by geological mapping and trenching in addition to the ground geophysical magnetic survey. A total of 13 trenches were excavated and 48 samples were collected for gold analysis. Most of the trenches indicated good gold values in the range of 1.19 to 5.69 g/t over 2.0 to 4.0 m width.

Following the encouraging results Band A of the Karajgi Main prospect was explored by RC drilling involving 379 metres. Six bore holes returned significant gold values as given in the table below:

Drill hole No	Width(m)	Grade (g/t)
KMP-17	1	3.79
KMP-19	3	7.22
KMP-28	1	5.46
KMP-29	1	2.64
KMP-30	2	4.28
KMP-31	2	2.46

Karajgi East prospect is located east of Karajgi Main prospect. Geological mapping, channel sampling and the recent ground magnetic survey has resulted in delineating 3 BIF bands of which two bands designated as C and D are found to be promising with a cumulative strike length of 450 metres. The third zone exposed towards north is the strike extension of the band B of Karajgi Main Prospect. Two samples from the trenches assayed 19.54 g/t and 3.12 g/t respectively.

Karajgi Hut Prospect

Hut Prospect is located towards North East corner of the PL block. The recent Ground magnetic survey and the earlier rock chip sampling have revealed 3 auriferous sulphidic chert bands (Zones 1-3). One of the trenches exposed 7.0 m wide sulphidic BIF averaging 3.50 g/t Au.



2. Mangalagatti SE Prospect:

This prospect is 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 metres over a width of 30 metres are defined (Fig-9). A probable resource of 1.5 million tonnes @ 1.63 g/t Au is estimated based upon results of shallow drilling programme. DGML has applied for a Prospecting Licence of 4 sq.kms and a Mining lease of 0.24 sq.kms covering the Mangalagatti Prospect. The Ministry of Mines approved the PL application and is with the State Government for final grant. The Detailed resource drilling will be undertaken once the PL is granted. Other prospects in and around Mangalagatti include Mangalagatti NW and Mangalagatti E. DGML has also identified several promising prospects at Bhavihal, Kuluvalli and Lakkikoppa, worthy of detailed exploration.

HUTTI-MASKI BELT PROJECTS:

Hutti Maski Greenstone belt is one of the most important Archaean gold bearing belts in India. The Auriferous tracts of Hutti greenstone belt is remarkably similar to the classic Archaean Superior Craton in Canada, the Yilgarn Craton in Western Australia and the Kolar greenstone belt in India. The Hutti-Maski belt hosts world class Hutti Gold deposit that is being presently mined by The Hutti Gold Mines Limited. DGML carried out exploration over an area 851 sq km in the Hutti Belt under its two Reconnaissance exploration Permits (RPs). The systematic exploration efforts of DGML geologists resulted in defining 21 gold bearing blocks. A total of 12 prospecting licenses (PLs) applications covering the 21 gold targets and 1 Mining lease (ML) application in Hirenagnur have been filed with the Karnataka State Government (Fig-10).

Karnataka Government's proposal to reserve the entire Hutti-Maski Belt in favour of Hutti Gold Mines is being challenged by DGML. The company filed a revision petition application with the Ministry of Mines, Delhi to adjudicate on the Karnataka Government's reservation proposal. The hearing is scheduled for August 2010. The outcome of the hearing will not be known at the time of going to press with the Annual report but hopefully will be available for disclosure during the course of the Annual General Meeting. Due to various delays in grant of the licences, DGML was unable to undertake further exploration in the Hutti-Maski prospective blocks as originally planned. Highlights of the key prospects which were explored by DGML during its RP tenure are re presented below.

A. Hutti Mine North Prospect

This block is located immediately north of the currently operating Hutti Gold Mine located 80 kms west of Raichur town in Karnataka. A total of eight parallel gold bearing quartz-sulphide veins are known to exist in the currently operating Hutti Mines. DGML's exploration resulted in tracing the extensions of atleast 5 of these lodes into DGML's PL block north of the Hutti Gold mine. The best finding was extension of the New East Reef which has analysed upto 10.0 g/t gold and the extension of the Main Reef that has analysed upto 16.0 g/t Gold. Strike Reef was explored by DGML by limited drilling with positive results.

DGML has applied for a Prospecting Licence that covers all the mineralized zones. A detailed drilling programme will be undertaken to explore the highly prospective North Hutti Block once the PL is granted.

B. Hirenagnur Prospect:

DGML considers Hirenagnur prospect as one of its best discoveries which is located 5 kms southeast of Hutti Gold Mines. 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 indicates presence of 4 parallel mineralised zones of which the eastern most zone i.e zone III has a strike length of 600 metres. The drill hole data was processed by

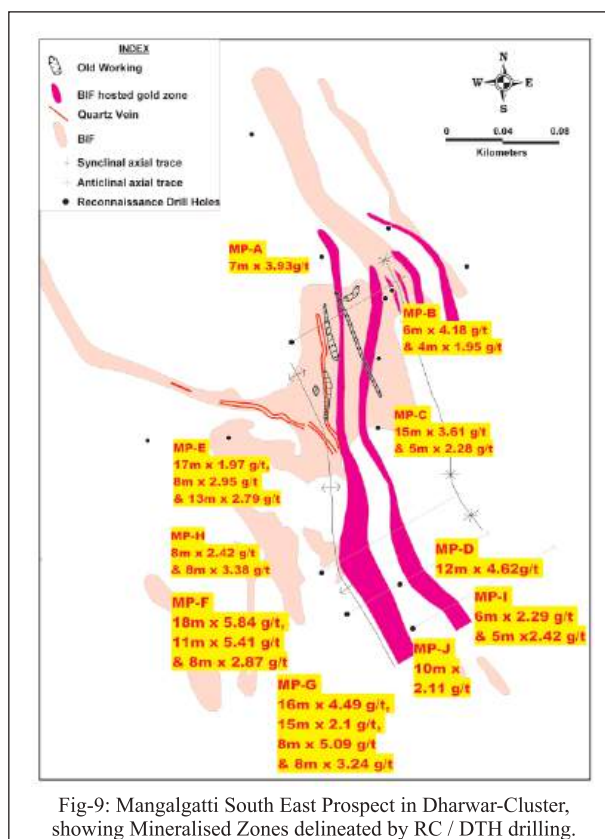
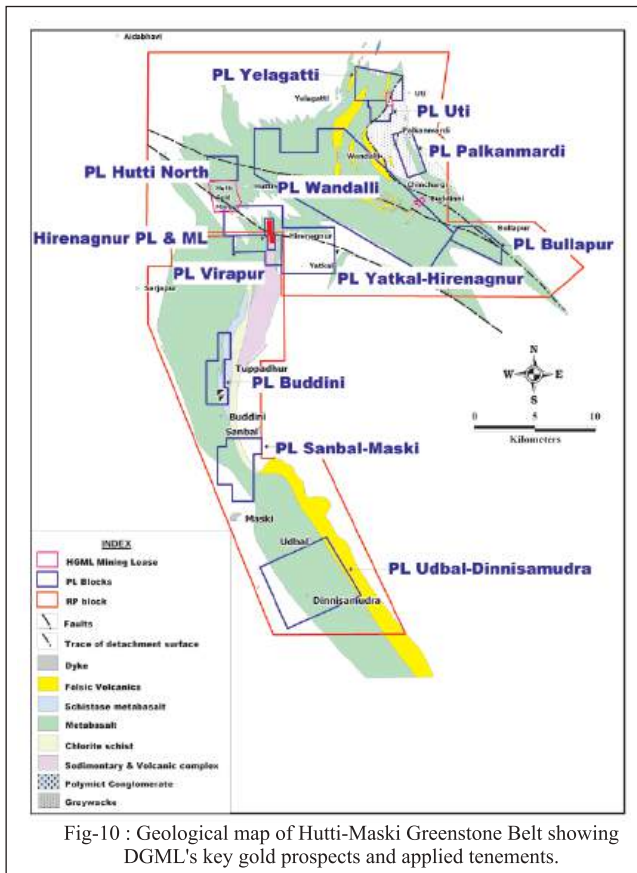


Fig-9: Mangalagatti South East Prospect in Dharwar-Cluster, showing Mineralised Zones delineated by RC / DTH drilling.



C. Chincherggi-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 Chincherggi- Amareshwara lineament between Chincherggi 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 Chincherggi 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.

Other key projects of DGML in the Hutti-Maski belt are, Yatkan, Palkanmardi-Chincherggi block, Bullapur block, Uti Extensions, Sanbal-Maski block, Tuppadhur-Buddini block etc. All these prospects are covered under different PL applications.

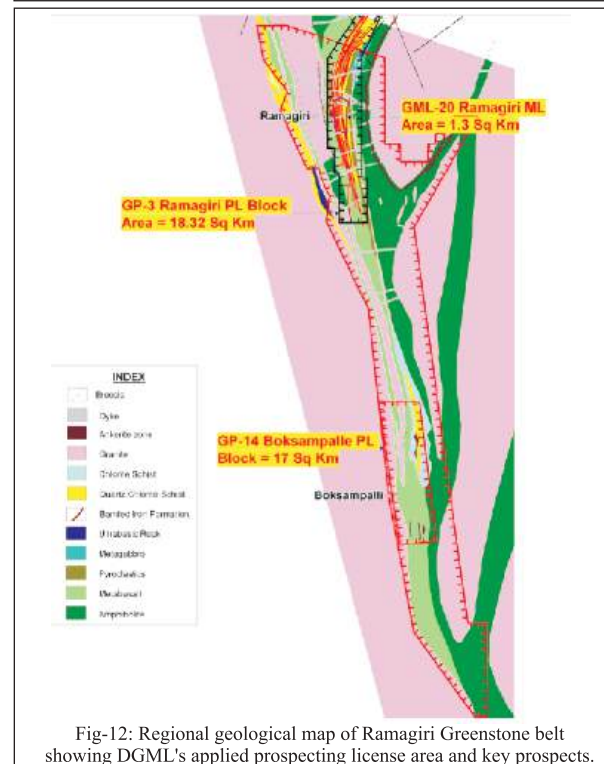
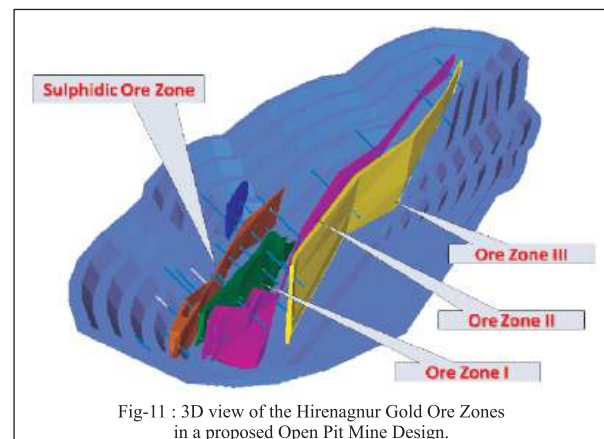
RAMGIRI BELT PROJECT

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 belt comprises the well known 13 km long Ramagiri Gold Field (RGF) that was a scene of intensive

using Datamine Geological software which shows that all the 4 ore zones are open along strike and depth that would be investigated by detailed drilling. The data generated also suggests possibility of open pit mining of the Hirenagur ore body (Fig-11). Some of the best drill intercepts 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





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.

DGML during its RP tenure, defined two prospective blocks for further exploration that are covered under PL applications (Fig-12). The details of the PL blocks are given below:

A. Ramagiri Gold Fields PL Block (20 sq. kms area):

Ramagiri Gold Fields PL block comprises the extensions of BGML's Yeppamana mine lodes, Power house mines and Jibutil Mines.

The Power House Mine

The power House mine is located to the south of the 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 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.

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 DGML.

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

B. Boksampalle PL block (17 sq.kms):

The 2 kms long Boksampalle block is situated close to the southern termination of the Ramagiri greenstone belt and consists of a series of gold bearing sulphidic quartz veins traversing fractured granite. A wide mineralized zone of 4.2m to 62.12m, is delineated over a length of 350 m. Randomly collected rock-chip samples assayed 0.23 g/t to 3.49 g/t.

This block was explored by GSI and intersected mineralization of 6.29m at 2.54g/t and 9.18m at 1.20g/t. DGML plans to explore the Boksampalle block by detailed drilling once the Prospecting Licence is granted.

THE MANGALUR BELT PROJECT

The Mangalur greenstone belt is 25km long and 4 to 5km wide, located 40 km north of the Hutti gold mines (Fig-13). Data from earlier exploration by GSI and our own work involving multi-element geochemical analysis of samples from different parts of the belt have brought to light two prospects viz; Jainapur prospect and Mangalur village (Brahmin's well prospect). Both these prospects are situated on either side of the Mangalur (Mukangavi) Gold Mine held previously by Hutti Gold Mines Ltd. DGML has filed 3 PL applications covering all the prospects. Of these the Mangalur block is an exciting prospect which was earlier mined by John Taylor and sons. As per the John Taylor report the Mangalur village block called as Brahmin's well workings was explored by shaft sinking and 3 level development upto 300 feet. As per the report the quartz lode at 150 feet level analysed gold values such as 24 g/t, 31 g/t 14 g/t and 31 g/t between 70 to 100 feet. Similarly the north drive analysed very high gold values including 76 g/t, 105 g/t etc.

DGML during its RP tenure collected few samples from this area which showed 14 and 65 g/t gold with significant silver content which confirms the earlier John Taylor's report.

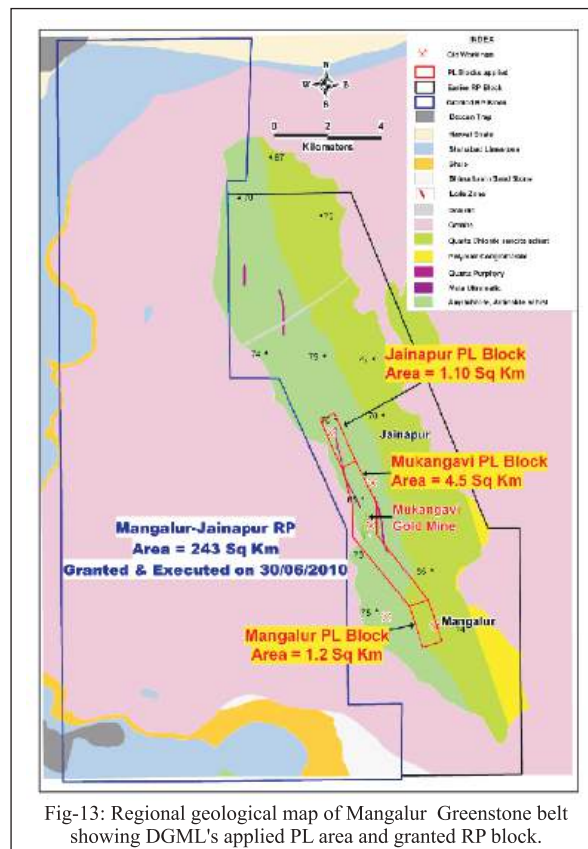


Fig-13: Regional geological map of Mangalur Greenstone belt showing DGML's applied PL area and granted RP block.



Sitting on either end of the HGML's Mangalur mine, Jainapur and Mangalur village prospects are considered very good exploration targets.

Out of the 3 PL applications filed by DGML, Jainapur PL was approved by the centre. The final grant notification from the State Government is awaited.

The Government of Karnataka granted Mangalur-Jainapur Reconnaissance permit over an area of 243.34 sq.kms and the same was executed on 30-6-2010. This RP block covers the western portion of the Mangalur greenstone belt. DGML plans to initiate the reconnaissance in the new RP.

DGML's Consultancy Wing

DGML's consultancy wing launched through Deccan Exploration Services Pvt Ltd (DES), a fully owned subsidiary of DGML has made steady progress during the last year. The objective of this consultancy wing is to provide technical services in geological exploration and mining to the prospective clients both within India and abroad. These services also include helping clients in acquiring mineral assets both in India and abroad.

DES has offered services in remote sensing, geological and geophysical interpretations to Reliance Energy Ltd for oil projects in Yemen and Peru in association with its technical partner RMSI. DES also carried out remote sensing studies for a chromite project of Tata Steel in Iran in association with RMSI.

Recently DES completed litho-structural mapping and ground magnetic surveys for M/s Orissa Manganese and Minerals Ltd (OMM) in Orissa and Jharkhand.

DES is currently working on a limestone project in Tamilnadu for Aditya Birla group's Ultra Tech Cements. The contract involves complete geological exploration including drilling and resource estimation.

Other consultancy services carried out include assessment of beach sand deposits in Tamilnadu for Siddique Infrastructure Pvt. Ltd, assessment of coal deposits in Madagascar for Thriveni Earth Movers Pvt. Ltd., due diligence and assessment of a large limestone deposit in Madagascar for V.M.Salgaocar Pvt.Ltd. and for a Gold project in Malaysia for Star Exports & Imports Pvt. Ltd.

DGML believes that the consultancy wing with its strong technical expertise will blossom into a world class unit with steady cash flows.



STATUS OF EXPLORATION PERMITS AND APPLICATIONS

Status of Applications

DECCAN GOLD MINES LTD. (DGML)							
RP APPLICATIONS BY DECCAN GOLD MINES LTD. IN INDIA							
RP Nos.	Block Name	District	State	Area in sq km	Date of Application	Ref. No. and Date	Status
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. Therefore, the DMG will consider the application together with other applications, if any, received in response to Gazette Notification dt.30.12.2009.
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	243.34	3.8.2004	Grant Order No.CI.67 MMM 2007, dt.28.1.2010	RP Deed Executed on 30.6.2010 vide RP Deed No.41/2010.
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	Since the area has now been notified in the Official State Gazetteer, we have filed 4 applications for PL and responded to notices served on us & requested the DMG to consider our PL & this RP application.
8 RPs			TOTAL	9712.34			
* Important Blocks							
RP = Reconnaissance Permit							



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	Being processed at DMG, Bangalore.
DGML.PL-4	Karajgi Extension	Haveri	21	30.10.2007	No.102APL 07/10680, dt.2.11.2007	Since the area has now been notified in the Official State Gazetteer, we have filed fresh PL application and responded to notices served on us & requested the DMG to consider this PL application also.
DGML.PL-7	Ajjenahalli	Tumkur	1	2.4.2009	No.DMG/58/APL 09/450, dt.17.4.2009	Under processing at DMG, Bangalore.
DGML.PL-8	Chinna Mulgund-Aladgeri	Haveri	35	26.2.2010	No.DMG:09APL/2009-10/18735, dt.20.3.2010	Under processing at DMG, Bangalore.
DGML.PL-9	Ranibennur	Haveri	70	26.2.2010	No.DMG:10 APL/2009-10/18736, dt.20.3.2010	Under processing at DMG, Bangalore.
DGML.PL-10	Katenahalli-Kengond	Haveri	26	26.2.2010	No.DMG:11 APL/2009-10/18734, dt.20.3.2010	Under processing at DMG, Bangalore.
6 PLs		TOTAL	157			
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 proposal of 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 in Department of Mines, Raipur District.
DGML.PL-6	Rajadevri	Raipur	28	3.12.2008	S.No.657, dt.3.12.2008	Under processing in 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	Pending in the High Court of Karnataka.
DES.PL-2	Ganajuru-Karajgi	Haveri-Dharwar	2.2	17.10.2003	Grant Order No.CI.157:MMM. 2005, dt.10.9.2009	PL Deed No.3370 & Executed on 25.9.2009.
DES.PL-3	Uti	Raichur	2.9	14.1.2004	No.06APL04/16815, Dt.16.1.2004	The area has been proposed for reservation in favour of the State owned PSU i.e. HGML. DES has contested & filed an application for Revision: the case is to be heard shortly.
DES.PL-4	Yatkal-Hirenagnur	Raichur	21	1.10.2004	No.106 APL04/11544, Dt.18.10.2004	The area has been proposed for reservation in favour of the State owned PSU i.e. HGML. DES has contested & filed an application for Revision: the case is to be heard shortly.
DES.PL-4A	Hirenagnur	Raichur	1.8	28.4.2006	No. 54 APL 06 Dt.5.5.2006	The area has been proposed for reservation in favour of the State owned PSU i.e. HGML. DES has contested & filed an application for Revision: the case is to be heard shortly.
DES.PL-5	Wandalli	Raichur	90	21.10.2004	No.11APL04/10976, Dt.28.10.2004	The area has been proposed for reservation in favour of the State owned PSU i.e. HGML. DES has contested & filed an application for Revision: the case is to be heard shortly.
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	The area has been proposed for reservation in favour of the State owned PSU i.e. HGML. DES has contested & filed an application for Revision: the case is to be heard shortly.
DES.PL-8	Turkara-Sighalli	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	MoM approved & recommended to Secretariat, Government of Karnataka on 16.4.2010.
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	The area has been proposed for reservation in favour of the State owned PSU i.e. HGML. DES has contested & filed an application for Revision: the case is to be heard shortly.
DES.PL-14	Bullapur	Raichur	7	15.3.2006	No.36 APL 06/15624, Dt.25.3.2006	The area has been proposed for reservation in favour of the State owned PSU i.e. HGML. DES has contested & filed an application for Revision: the case is to be heard shortly.
DES.PL-15	Ganajuru-Karaji Extension	Haveri	25	26.2.2010	Ack. No.DMG:08 APL 2009-10/18729, dt.20.3.2010	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	The area has been proposed for reservation in favour of the State owned PSU i.e. HGML. GMSI has contested & filed an application for Revision: the case is to be heard shortly.
GMSI.PL-5	Buddini	Raichur	8	29.8.2003	No. 31 APL 2003, Dt. 29.8.2003	The area has been proposed for reservation in favour of the State owned PSU i.e. HGML. GMSI has contested & filed an application for Revision: the case is to be heard shortly.
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	MoM approved & recommended to Secretariat, Govt. of Karnataka vide letter no.4/34/2008-M.IV, dt.16.9.2009. We have reminded the State Government to issue Grant Notification.
GMSI.PL-12	Udbal-Dinnisamudra	Raichur	35	14.1.2004	No.9 APL 04, Dt.29.7.2004	The area has been proposed for reservation in favour of the State owned PSU i.e. HGML. GMSI has contested & filed an application for Revision: the case is to be heard shortly.
GMSI.PL-28	Virapur	Raichur	7	1.10.2004	No.105 APL 2004/11545, Dt.18.10.04	The area has been proposed for reservation in favour of the State owned PSU i.e. HGML. GMSI has contested & filed an application for Revision: the case is to be heard shortly.
GMSI.PL-29	Mukangavi	Gulbarga	4.5	7.10.2004	No.107 APL 04/11543, Dt.18.10.2004	Revenue clearance is under process.
23 PLs			263.6			
ANDHRA PRADESH STATE						
GMSI.PL-3	Ramagiri	Anantapur	18.32	23.8.2003	No.2095/M2/2003, Dt.23.8.2003	Under processing at Ministry of Mines, New Delhi & DMG Hyderabad.
GMSI.PL-14	Boksampalle	Anantapur	17	26.8.2004	No.1903/PL/04, Dt.26.8.2004	Under review at DMG, Hyderabad.
2 PLs			35.32			
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 LIMITED



DECCAN GOLD MINES LTD. (DGML)							
ML APPLICATIONS BY DECCAN GOLD MINES LTD. AND DECCAN EXPLORATION SERVICES PVT. LTD. AND GEOMYSORE SERVICES (INDIA) PVT. LTD.							
ML Nos.	Block Name	District	State	Area in sq km	Date of Application	Ref. No.	Status
RAJASTHAN STATE							
DGML.ML-1	Bharak	Bhilwara	Rajasthan	2	16.4.2005	ML.No.191/05, Dt.16.4.2005	Under process at the DMG, Udaipur.
KARNATAKA STATE							
DES.ML-1	Mangalagatti	Dharwad	Karnataka	0.24	9.1.2004	No.24AML 2004	File is in process at DMG, Bangalore.
DES.ML-2	Ganajuru	Dharwad	Karnataka	0.29	8.6.2006	No.567 AML 06/3389	We have signed MoU on 4.6.2010 with the Govt. of Karnataka at Global Investors Meet for establishment of a 2000 tpd gold processing plant at Ganajur. The ML application is pending for final approval of the Mines Minister (CM) since 25.5.2010. Environmental and many other clearances are yet to be obtained.
DES.ML-3	Hirenagnur	Raichur	Karnataka	0.65	9.6.2006	No. 572 AML 06/3389, Dt.12.6.2006	We have obtained consent of land owners. The area has been proposed for reservation in favour of the State owned PSU i.e. HGML. DES has contested & filed an application for Revision: the case is to be heard shortly.
DES.ML-4	Ganajuru-Karajgi	Haveri	Karnataka	8	9.1.2009	No.DMG/01/AML/2009-10/13130, Dt.27.1.2009	File is in process at DMG, Bangalore.
ANDHRA PRADESH STATE							
GMSI.ML-20	Ramagiri	Anantapur	Andhra Pradesh	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.
6 MLs			TOTAL	12.48			
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							



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 2010.

1. Financial Results

(Rs in '000)

Particulars	2009-10	2008-09
Total Income	4,188	13,282
Profit/(Loss) before Taxation	(6,118)	(2,364)
Profit/(Loss) after Tax	(6,118)	(2,424)
Balance brought forward	(24,873)	(22,236)
Balance transferred to Balance Sheet	(31,133)	(24,873)

During the year, the Company incurred Rs. 141.49 lac on exploration activities and Rs. 88.19 lac on administrative and other expenses. The cumulative amount spent on exploration activities of Rs. 576.23 lac as on 31 March, 2010 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 the segment titled "Report on Exploration Activities" and the segment titled "Status of Exploration Permits and Applications" published elsewhere in this Annual Report.

Soon after taking office in June, 2009 the Union Government approved a 100 day Agenda for the Ministry of Mines to enable focus on key items affecting the Mining Sector for fast track implementation. The new MMDR Act incorporating the key features of the National Mineral Policy, 2008 was placed on the Ministry's Website and was discussed with State Governments, Central Ministries, Confederation of Indian Industry and other Stakeholders. It is expected that the Legislation would be introduced in the Parliament soon after clearance from the Union Cabinet.

Some of the steps that have already been taken by the Union Government include operationalisation of a mineral concession approval software to make it simple and investor friendly; creation of a Techno Economic Think Tank which has started functioning from January, 2010 to provide policy inputs for decision making on mineral policy etc.,

It is expected that the Government would come out with the much awaited legislative and regulatory initiatives which would enable India to play a leading role in the mining and mineral exploration sector.

The highlights of the operations undertaken by the Company during the year under review are summarized hereunder:

- Appointment of SRK Mining Services (India) Private Limited (SRK), for carrying out Independent Mineral Resource Evaluation and preparation of a Technical Report for the most promising Ganajur Main Gold Prospect of Deccan Exploration Services Private Limited (DESPL), a wholly owned subsidiary of the company. SRK submitted its Report during May, 2010 as per the internationally accepted JORC standards.
- SRK in their conclusions note that "DESPL was successful in delineating an Indicated Mineral Resource estimated at total 1.8 million tonnes grading an average of 4.07 grams per tonne gold and an additional 0.32 million tonnes grading 2.61 grams per tonne gold in the Inferred Category".
- The summary of the resource estimated by SRK is given in the section 'Report on Exploration Activities'.
- Results of some of the drill holes of the Ganajur Prospect received to date indicate extension of the ore body further North West by another 150 metres making the overall length of the Ganajur Main ore body to 600 metres. One of the drill holes, GMC-16 passed through high grade gold mineralization of 8.91 grams/tonne over significant width of 42.84 m. Further, the analytical results of GMC-11, 12, 16 and 20 received to date are also very positive. Phase I and II drilling results have brought to light the existence of a high grade zone in the central portion of the Ganajur Main ore body for nearly 200 metres which is expected to increase the overall economics of the deposit.



- DESPL, a subsidiary of the company signed an MoU with the Government of Karnataka during the Global Investors Meet at Bangalore on 4 June, 2010 for commencement of a gold mine and setting up of a processing plant at Ganajur village. The signing of the MoU captures our commitment for the establishment of a gold mine at Ganajur and the State Government of Karnataka's commitment to assist us in doing so.
- Mining Lease (ML) application for Ganajur is being pursued actively and is in the process of being forwarded to the Ministry of Mines, New Delhi by the Government of Karnataka.
- Mangalur-Janiapur Reconnaissance Permit was granted by the Government of Karnataka over an area of 243.34 sq. kms., and the RP Deed was executed on 30 June, 2010. This RP block covers the western portion of the Mangalur greenstone belt and has several promising exploration targets.
- The company's consultancy wing, comprising a strong technical team and being operated through DESPL, a subsidiary of the company made steady progress during the last year and the future looks promising.

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, 2010 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.

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, Practising 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. GRANT OF STOCK OPTIONS

Pursuant to the approval accorded by the shareholders at their Annual General Meeting held on 28 November, 2008, the Company had introduced the Deccan Gold Mines Employee Stock Option Plan, 2008 (Plan) for the benefit of the Eligible Employees of the Company and its subsidiaries providing for issue of up to a maximum of 30,00,000 Stock Options. The Bombay Stock Exchange Limited (BSE) had granted its 'in-principle' approval for listing of the 30,00,000 equity shares that are likely to arise out of the exercise of the Stock Options under the Plan.

It may be noted that the Compensation Committee of the Board, at its meeting held on 2 June, 2010 had granted 30,00,000 Options at an Exercise Price of Rs.16.95 per Option / Equity Share to certain Eligible Employees of the Company and its wholly-owned subsidiary viz., Deccan Exploration Services Private Limited. In terms of the Plan, the Options were granted at a 25% discount to the latest available closing price of Rs.22.60 at the BSE on 1 June, 2010 (a day prior to the date of the Compensation Committee meeting).

The disclosures required to be made under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as applicable are given in the Annexure to the Report.

6. BOARD OF DIRECTORS

Prof. V.K. Gaur and Mr. V. Sivakumar are the Directors who retire by rotation and being eligible, offer themselves for reappointment.

Mr. Sandeep Lakhwara was reappointed as the Managing Director of the Company for a period of 3 years with effect from 1 May 2010 subject to the approval of the shareholders.

Necessary resolutions seeking the approval of the shareholders for the reappointment of the aforesaid Directors/Managing Director 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/Managing Director 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.

7. 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31 March, 2010 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 31 March, 2010 on a going concern basis.

8. PERSONNEL

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.

9. 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.

10. 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.

11. FIXED DEPOSITS

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

12. 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. 0.95 lac.

13. 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 : 12 August, 2010

Sandeep Lakhwara
Managing Director

K.R. Krishnamurthy
Director



ANNEXURE TO DIRECTORS REPORT

Disclosures pursuant to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999,

A. SUMMARY OF STATUS OF OPTIONS GRANTED

Total number of options approved	An aggregate of 30,00,000 stock options have been approved under Deccan Gold Mines Employee Stock Option Plan, 2008 (Plan)
Pricing Formulae	25% discount to the latest available closing price of shares on Bombay Stock Exchange Limited on a day previous to the date of grant.
Total Options granted	30,00,000
Options vested	Nil
Options Exercised	Not applicable
Variation in terms of ESOP	Not applicable
Total number of shares arising as a result of exercise of option	Not applicable
Money realized as a result of exercise of options	Not applicable.
Total number of options in force	30,00,000

B. EMPLOYEE –WISE DETAILS OF OPTIONS GRANTED DURING FINANCIAL YEAR 2009-10

(i) Senior Managerial Personnel

Name	Number of options granted
Mr. Sandeep Lakhwara, Managing Director, Deccan Gold Mines Limited	550,000
Dr. V.N. Vasudev, Director, Deccan Exploration Services Private Limited	450,000
Mr. S.C.R. Peshwa, Director, Deccan Exploration Services Private Limited	350,000
Dr. M. Hanuma Prasad, Director, Deccan Exploration Services Private Limited	350,000
Dr. M.K. Devarajan, Director, Deccan Exploration Services Private Limited	350,000
Dr. Saleem Ahmed Khan, Director, Deccan Exploration Services Private Limited	350,000
Mr. K. Karunakaran, Director, Deccan Exploration Services Private Limited	300,000
Mr. S. Subramaniam, Company Secretary, Deccan Gold Mines Limited	300,000

(ii) No employee has been identified and granted options exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

C. Disclosures with respect to Diluted EPS pursuant to issue of shares on exercise of options calculated in Accordance with Accounting Standard (AS) 20 and Weighted average exercise price of options granted during the year is not applicable since no options were exercised during the financial year.

The Company has also received a certificate from M/s V.K. Beswal & Associates, Chartered Accountants, Mumbai and the Statutory Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines.



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, 2010
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	(222)
	ii) For the previous financial year of the subsidiary	(172)
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

Sandeep Lakhwara
Managing Director

K. R. Krishnamurthy
Director

Place: Bangalore
Dated: 12 August, 2010

S. Subramaniam
Company Secretary



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INTRODUCTION

Established in 2003 by promoters with deep roots in the exploration and mining sector, Deccan Gold Mines Limited (DGML) is the first and the only gold exploration company listed on the Bombay Stock Exchange Limited (BSE). DGML brings to India, a wealth of international technical know how and experience in the gold exploration and mining sector. Since its establishment, DGML has actively pursued gold exploration activities in all of its exploration prospects that resulted in identification of probable gold resources at several locations. DGML now has a large portfolio of exploration prospects in the States of Karnataka, Andhra Pradesh and Rajasthan.

Details on the results of DGML's exploration work has been provided under the heading "Report on Exploration Activities". At the time of preparing this report, we are awaiting the results of our recently concluded drilling program in our Ganajur prospect. A Mining License application has been lodged over this prospect and is awaiting clearance from the Karnataka Chief Minister's Office. In the meanwhile, we have signed an MOU with the Karanataka Government to establish a 1000 ton per annum gold processing facility close to our Ganajur prospect subject ofcourse to environmental and other clearances being obtained for Mining. The MOU was signed during the Global Investor's Meet held in Bangalore in June 2010.

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.

Exploration companies, by their very nature, have long gestation periods between exploration and discoveries. DGML in this respect is no exception. This gestation period has been further impacted by the delays in grant of permits by the Government authorities. The Management of DGML is intensively pursuing applications lodged by the company at all government levels and whilst very concerned about the long delays and the impact such delays have on the growth and development of the company, remains committed to the cause.

INDUSTRY REVIEW

India has a long history of gold exploration and mining. But in recent years, it 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 make it an attractive destination for mineral exploration, mining and value addition.

Continuing with the initiatives taken last year, the Union Government has since drafted a New Legislation to give effect to the National Mineral Policy, 2008. This legislation is expected to address aspects relating to transparency and simplicity in the concession regime; regulatory environment; and sustainable development framework. It may be noted that the draft New Legislation was discussed with the State Governments, Central Ministries, CII and other Stakeholders. It is expected that the legislation will be placed before the Parliament at the earliest. To ensure that the mineral concession system is not only simple and investor friendly, but also transparent and quick, a mineral concession approval software module has been developed and operationalised with effect from 1 February, 2010.

The mineral exploration sector in India keenly 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. 576.23 lacs (cumulative) on exploration on its prospects as on 31 March 2010. The amount of exploration expenditure (cumulative) incurred as on 31 March, 2009 was Rs. 437.74 lacs.

Administrative and other costs for the year ended 31 March 2010 were Rs. 88.19 lacs compared to Rs. 108.91 lacs for the year ended 31 March 2009.

The net loss of the company for the year ended 31 March 2010 was Rs. 61.18 lacs compared to Rs. 23.64 lacs for the year ended 31 March 2009.



DGML's working capital funds as at 31 March 2010 were Rs. 235.63 lacs compared to Rs. 54.65 lacs for the year ended 31 March 2009.

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

Mineral exploration involves significant risk and the mining industry is highly speculative. Areas of uncertainty include the size and nature of the mineral resource, environmental issues associated with exploitation and the activity of competitors.

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 may have to rely 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 is estimated that the country contains about 9% of the global gold reserves in its vast tracts of under explored terrain. India was a leading gold producing country around a century ago when there were about 100 big and small gold mines in operation. Today, it produces only around 4 tonnes which is a mere 0.4% of its gold consumption. The decline of the Indian gold mining industry can be directly attributed to the nationalistic policies of Independent India, which for several decades prevented private and foreign investment in exploration and mining for gold.

Even after the introduction of the new regulatory regime in 1993 and the opening up of the sector to private and foreign investment, no major gold mines have been opened up in India. This is due to the lack of investor friendly regulations and the excessive delays and attendant bureaucracy in the grant of mineral concession permits / licenses. This is further aggravated by the lack of security of tenure of mineral concession licences with the Government coming in at the last moment and reserving the areas for state-owned institutions after the private sector has spent time and effort on exploration. As a result, several of the major and junior explorers that entered India with zeal and enthusiasm have walked away from the country in the last few years.

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.

Despite all these shortcomings, 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.

It is hoped that the new mining legislation that seeks to give effect to the National Mineral Policy, 2008 would be approved by the Union Cabinet and introduced in the Indian Parliament at the earliest. The industry expects that this new legislation 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. Further, 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 all the ingredients necessary to enable it to become the world's most productive mining country. It has a unique combination of advantages to generate minerals-based economic development of enormous scale and value which include, a vast array of virgin mineral resources; a large pool of well trained geologists, geophysicists and mining engineers; state of the art technology etc.,

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 31 March 2010 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 : 12 August, 2010

Narayan Rathi
Partner
FCS No. 1433



REPORT ON CORPORATE GOVERNANCE

for the year ended and as on 31 March, 2010

Pursuant to Clause 49 of Listing Agreement

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is about promoting corporate fairness, transparency and accountability. The Board of Directors of the company are committed to ensure good corporate governance in its operations. This would enable the company to attract finance and human capital, perform efficiently and thereby maximize long-term value for the shareholders, besides respecting the aspirations of multiple stakeholders including those of the society.

The Company has complied with the provisions of Clause 49 of the Listing Agreement entered into with the BSE relating to Corporate Governance.

2. BOARD OF DIRECTORS

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

As on 31 March, 2010, 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 (Promoter Category) is a Non Executive Director and one-half 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	Designation	Category of Directorship	No. of Other Directorships	No. of other Committee Memberships #	
				Chairman	Member
Mr. Charles E. E. Devenish	Chairman	Promoter, Non-Executive	3	Nil	Nil
Mr. Sandeep Lakhwara	Managing Director	Executive	Nil	Nil	Nil
Mr. V. Sivakumar	Director	Non-Executive	11	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;	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 and Investors' / Shareholders' Grievance Committee have been considered.
- There are no inter-se relationships amongst the directors.

b) Reappointment of Directors:

Detailed profile of Prof. V.K. Gaur and Mr. V. Sivakumar, Directors liable to retire by rotation and who being eligible have offered themselves for re-appointment and Mr. Sandeep Lakhwara, reappointed as Managing Director for a period of three years with effect from 1 May 2010 subject to the approval of shareholders, is furnished along with the Notice convening the ensuing Annual General Meeting.



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

Five Board Meetings were held during the financial year 2009-10. These meetings were held on 30 April, 2009; 20 July, 2009; 14 October, 2009; 30 October, 2009 and 29 January, 2010.

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 29 September, 2009 are as follows:

Name	No. of Board Meetings Attended	Attendance at Last Annual General Meeting (Yes / No)
Mr. Charles E.E. Devenish	4	Yes
Mr. Sandeep Lakhwara	5	Yes
Mr. V. Sivakumar	0	No
Mr. K.R. Krishnamurthy	3	Yes
Dr. M. Ramakrishnan	3	No
Prof. V.K. Gaur	5	No

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 judgment 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	Designation
Mr. K.R. Krishnamurthy	Chairman
Dr. M. Ramakrishnan	Member
Prof. V.K. Gaur	Member

c) Meetings and attendance during the year

Four Audit Committee Meetings were held during the financial year 2009 – 10. These meetings were held on 30 April, 2009; 20 July, 2009; 30 October, 2009 and 29 January, 2010.

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

Name	No. of Meetings Attended
Mr. K.R. Krishnamurthy	2
Dr. M. Ramakrishnan	2
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 are 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	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 2009-10.

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

Details of the Sitting fees paid to Non Executive Directors during the year 2009-10 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	5,000
Mr. K.R. Krishnamurthy	15,000	5,000
Prof. V.K. Gaur	25,000	10,000
Total	55,000	20,000

iii) Executive Directors

The aggregate salary paid in the financial year 2009 – 10 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 2009 – 10. These meetings were held on 20 July, 2009 and 30 October, 2009.



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

Name	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 2009 – 10, the Company received one shareholder complaint pertaining to non-receipt of Annual Report and the same was resolved. As such, there were no pending complaints as 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
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.
2008-09	29/09/2009	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
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.
29/09/2009	Nil

iii) During the financial year 2009-10, 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 31 March, 2010.
- There was no non-compliance in respect 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

- The quarterly / half yearly / annual financial 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).
- The website of the Company (www.deccangoldmines.com) also displays financial results and official news releases issued on behalf of the Company.
- 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 : Wednesday, 29 September 2010

Time : 3.00 p.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 financial calendar would be as under:

Unaudited financial results for quarter/half year ending	Reporting date
30 June, 2010	12 August, 2010
30 September, 2010	By 14 November, 2010
31 December, 2010	By 14 February, 2011
31 March, 2011	By 15 May, 2011
Annual General Meeting for year ending 31 March, 2011	By 30 September, 2011

iii. Date of Book Closure :

25 September 2010 (Saturday) to 29 September 2010 (Wednesday) - 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).

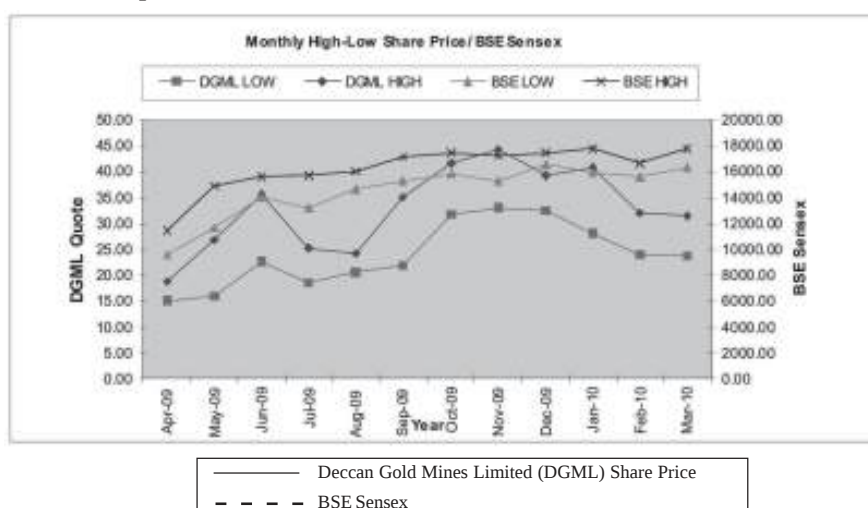
vii. MARKET PRICE DATA – HIGH & LOW DURING EACH MONTH OF LAST FINANCIAL YEAR

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 2009	18.69	15.00
May 2009	26.80	15.90
June 2009	35.75	22.75
July 2009	25.25	18.50
August 2009	24.25	20.70
September 2009	35.15	22.00
October 2009	41.70	31.90
November 2009	44.35	33.20
December 2009	39.30	32.55
January 2010	40.90	28.00
February 2010	32.00	23.95
March 2010	31.50	23.70



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 : 91-22-55555454 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 31 March, 2010)

Sr. No.	Category	No. of Shares held	%
1.	Promoter Group	27038216	46.26
2.	Banks/FI/FII/Mutual Funds / UTI / Central & State Govt.,/ Venture Capital / Foreign Venture Capital / Trusts	500	0.00
3.	Bodies Corporate	5891389	10.08
4.	Individual Public shareholders	20629536	35.30
5.	Clearing Member	1164639	1.99
6.	Non Resident Indian / OCB	1125720	1.92
7.	Foreign Companies	2600000	4.45
	Total	58450000	100.00

**b) Distribution of Shareholding (as at 31 March, 2010)**

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount (Rs.)	% of Total
1 - 500	21629	77.03	4235304	7.25
501 - 1000	3346	11.92	2913879	4.99
1001 - 2000	1502	5.35	2383879	4.08
2001 - 3000	494	1.76	1304790	2.23
3001 - 4000	201	0.72	739341	1.26
4001 - 5000	241	0.86	1163 516	1.99
5001 - 10000	358	1.27	2694259	4.61
10001 and above	307	1.09	43015 032	73.59
TOTAL	28078	100.00	58450000	100.00

xii. Dematerialisation of Shares and Liquidity

About 99.74% of the shares have been dematerialized as on 31 March, 2010. The equity shares of the Company are traded at Bombay Stock Exchange Ltd. (BSE).

xiii. Details of Shares held by Non-Executive Directors as on 31 March 2010

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, 2010.

xv. Plant locations

Nil. The Company does not have any manufacturing activities.

xvi. 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. 91-22-55555454 & 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 : 12 August, 2010

Sandeep Lakhwara
Managing Director



AUDITORS' REPORT

To
The Members,

We have audited the attached Balance Sheet of **DECCAN GOLD MINES LIMITED**, as at 31st March 2010 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2010 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 **31 March, 2010**, 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
FIRM REGN NO 101083W

CA K.V. BESWAL
PARTNER
Membership Number: 131054

Place : Mumbai
Dated : 12 August, 2010

**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 not disposed of any fixed assets during the year.
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 is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and fixed assets. 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.

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, 2010 for a period more than six months from the date they became payable.
 - b) According to the records of the Company, there are no undisputed dues of sales tax, customs duty, wealth tax, service tax and excise duty / cess except as under :



Name of Statute	Amount (Rs. In Thousands)	Period for which it relates	Forum where dispute is pending
Income Tax Act, 1961	1813.17	2006-07	Commissioner of Income Tax (Appeals)

10. The accumulated losses of the company are not more than 50% of its net worth as at 31st March 2010. The company has incurred a cash loss of Rs.52.13 lacs in the current financial year and Rs.15.99 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 any guarantee in connection with loans taken by others from banks or financial institutions.
16. According to the records of the company, the Company has not taken any term loan.
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
 FIRM REGN NO 101083W

CA K.V. BESWAL
 PARTNER
 Membership Number: 131054

Place : Mumbai
 Dated : 12 August, 2010



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule	As at 31.03.2010 (Rs.'000)	As at 31.03.2009 (Rs.'000)
A. SOURCE OF FUNDS:			
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
B. APPLICATION OF FUNDS:			
FIXED ASSETS:	C		
Gross Block		6,103.73	4,936.29
Less: Depreciation		3,086.66	2,054.95
Net Block		3,017.07	2,881.34
INVESTMENTS	D	56,368.45	95,011.52
CURRENT ASSETS, LOANS & ADVANCES	E		
Cash & Bank Balances		18,000.12	1,816.47
Loans & Advances		6,369.27	7,186.61
		24,369.39	9,003.08
Less: Current Liabilities & Provisions	F	805.50	3,537.84
NET CURRENT ASSETS		23,563.89	5,465.24
Pre-Operative Expenditure	G	57,623.26	43,474.54
		57,623.26	43,474.54
Profit & Loss Account		31,133.44	24,873.47
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
 FIRM REGN NO 101083W

CA K.V. BESWAL
 PARTNER
 Membership Number: 131054

Place: Mumbai
 Dated: 12 August, 2010

For and on behalf of the board

Sandeep Lakhwara
 Managing Director

K. R. Krishnamurthy
 Director

Place: Bangalore
 Dated: 12 August, 2010

S. Subramaniam
 Company Secretary



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule	Year Ended 31.03.2010 (Rs.'000)	Year Ended 31.03.2009 (Rs.'000)
INCOME			
Exploration Income		582.76	4,677.96
Other Income	H	3,605.58	8,603.68
		<u>4,188.34</u>	<u>13,281.64</u>
EXPENDITURE			
Exploration expenses		582.76	3,988.94
Administrative & Other Expenses	I	8,819.00	10,891.21
Depreciation		904.78	765.62
		<u>10,306.54</u>	<u>15,645.78</u>
Profit/(Loss) before Taxation		(6,118.20)	(2,364.14)
Less: Provision for Fringe Benefit Tax		-	(60.00)
Profit/(Loss) for the Year		(6,118.20)	(2,424.14)
Less : Prior Period Items (refer note no 9 of Schedule J)		141.77	213.50
Net Profit / (Loss) for the year		(6,259.97)	(2,637.64)
Add: Balance brought forward		(24,873.47)	(22,235.83)
Balance transferred to Balance sheet		<u>(31,133.44)</u>	<u>(24,873.47)</u>
Basic EPS		(0.11)	(0.05)
Diluted EPS		(0.11)	(0.05)

Significant Accounting Policies & Notes to the Accounts

J

As per our report of even date,
For V. K. BESWAL & ASSOCIATES,
CHARTERED ACCOUNTANTS
 FIRM REGN NO 101083W

For and on behalf of the board

CA K.V. BESWAL
 PARTNER
 Membership Number: 131054

Sandeep Lakhwara
 Managing Director

K. R. Krishnamurthy
 Director

Place: Mumbai
 Dated: 12 August, 2010

Place: Bangalore
 Dated: 12 August, 2010

S. Subramaniam
 Company Secretary



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2010

	As at 31.03.2010 (Rs.'000)	As at 31.03.2009 (Rs.'000)
SCHEDULE 'A'		
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>
SCHEDULE 'B'		
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 31.03.2010

(Rs. in '000)

Sl. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 01.04.09	Addition during the year	Deletion during the year	Total Cost as at 31.03.10	As at 01.04.09	For the Year Additions	Deletion	Total as at 31.03.10	As at 31.03.10	As at 31.03.09
1	COMPUTERS	456.30	29.34	-	485.64	244.38	92.83	-	337.21	148.43	211.92
2	PLANT & MACHINERY	-	1,138.10	-	1,138.10	-	82.32	-	82.32	1,055.78	-
3	VEHICLE	502.09	-	-	502.09	363.76	35.81	-	399.57	102.52	138.33
4	OFFICE EQUIPEMENT	452.29	-	-	452.29	110.92	47.50	-	158.42	293.87	341.37
5	FURNITURE & FIXTURE	661.55	-	-	661.55	255.42	73.51	-	328.93	332.62	406.13
6	LEASED ASSETS	2,864.06	-	-	2,864.06	1,207.40	572.81	-	1,780.21	1,083.85	1,783.65
	TOTAL	4,936.29	1,167.44	-	6,103.73	2,181.88	904.78	-	3,086.66	3,017.07	2,881.40
	PREVIOUS YEAR	12,117.94	64.63	7,246.27	4,936.29	6,487.66	765.62	5,198.33	2,054.89	2,881.40	



	As at 31.03.2010 (Rs. '000)	As at 31.03.2009 (Rs. '000)
SCHEDULE 'D'		
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
Fortis Money Plus Institutional Weekly Dividend Mutual Fund(C.Y. Market Value Rs.559.36 Lacs)	55,888.68	74825.80
Reliance Medium Term Fund Daily Dividend Plan (C.Y. Market Value Rs.3.80 Lacs)	379.77	20,085.72
	56,368.45	95,011.52
SCHEDULE 'E'		
CURRENT ASSETS, LOANS & ADVANCES		
Current Assets:		
Cash on hand	112.27	37.03
Balance with Banks		
- Current Accounts	2,887.85	779.44
- Term Deposits	15,000.00	1,000.00
	18,000.12	1,816.47
Loans & Advances:		
Taxes Paid (Net)	2130.64	2,312.26
(Unsecured, Considered good)		
Advances recoverable in cash or kind or for value to be received	4,238.63	4,874.35
	6,369.27	7,186.61
SCHEDULE 'F'		
CURRENT LIABILITIES		
Sundry Creditors	-	-
due to SSI Units	-	-
due to others	300.98	2,821.59
(refer to note no 10 of Schedule J)		
Other Liabilities	103.19	163.98
PROVISIONS:		
Provision for Gratuity	401.33	335.57
Provision for FBT	-	216.70
	805.50	3,537.84
SCHEDULE 'G'		
Pre-Operative expenses		
Exploration expenses	57,623.26	43,474.54
	57,623.26	43,474.54



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Year Ended 31.03.2010 (Rs.'000)	Year Ended 31.03.2009 (Rs.'000)
SCHEDULE 'H'		
OTHER INCOME		
Interest	248.66	309.15
Dividend	3,351.38	7,342.70
Profit on sale of assets	-	952.06
Loss on sale of Investments	5.54	(0.23)
	3,605.58	8,603.68
SCHEDULE 'I'		
ADMINISTRATIVE & OTHER EXPENSES		
Salaries & Other benefits	2,811.84	2,815.61
Staff welfare	20.36	12.84
Books & Periodicals	1.75	19.20
Bank charges	18.74	15.71
Business promotion expenses	1,120.06	1,440.77
Travelling & Conveyance	589.97	398.39
Electricity charges	127.70	149.38
Membership & subscription	22.31	-
Repairs & Maintenance	160.05	199.86
Communication expenses	35.76	38.78
Rent, rate & taxes	2,399.62	2,147.15
Advertisement expenses	44.50	27.46
Audit fees	115.82	115.82
Directors Sitting Fees	75.00	77.50
Professional & consultancy fee	814.26	3,092.06
Misc Balance written off	50.00	-
Fees-Filing & Listing	211.05	148.96
Sundry Expenses	200.21	191.73
	8,819.00	10,891.21

**SCHEDULE 'J'****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO BALANCE SHEET****AS AT 31st MARCH, 2010****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. Revenue Recognition:

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

- i. Exploration Income is recognised when services are provided
- ii. Interest Income is recognised on accrual basis
- iii. Dividend Income is accounted on accrual basis when the right to receive the dividend is established

I. Employee Benefits

Leave encashment : - The company does not have a policy of carry forward of pending leaves 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.



J Provisions , contingent liabilities and contingent assets

Estimation of the probability of any loss that might be incurred on outcome of contingencies on basis of information available upto the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statement. The company does not account for or disclose contingent asset, if any.

NOTES TO THE ACCOUNTS:

	31st March 2010 (Rs '000)	31st March 2009 (Rs '000)
1. Capital Commitments	Nil	Nil
2. Claims made against the company but not acknowledge as debts	Nil	Nil
3. Contingent Liabilities on disputed Income Tax A Y 2007-08	Nil 1813.17	Nil 1813.17
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 par ii of schedule VI of the Companies Act, 1956.		
a) Expenditure in foreign currency	95.11	2,110.92
b) Earning in foreign currency	Nil	Nil
c) Payment to Auditors: - Audit Fees	115.82	115.82

6 Related Party Disclosure :

a. Name of related parties and relationship

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

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

Sl. No.	Nature	Year ended 31st March 2010
1	Reimbursement of Exploration Expenses to Subsidiary	12,154.68
2	Managerial Remuneration	1,200.00
3	Directors Sitting & Audit Committee Fees	75.00
4	Rent for Guest House	360.00

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.5,76,23,260 as noted in schedule 'G' 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 2010	31st March 2009
a Net Profit (Loss) after Tax available for Equity Share holders	(6,259.97)	(2,637.64)
b Weighted average number of equity shares of Re. 1/- each outstanding during the period	58,450	58,450
c Basic earning per share	(0.11)	(0.05)
d Diluted earning per share	(0.11)	(0.05)

9 Prior Period Items

Short Depreciation Charged in earlier years	126.93	-
Short / (excess) provision for taxation of earlier years	14.84	213.50

- 10 The company has not received information from creditors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid at the end of the year under this act has not been given. There were no claims for interest on delayed payments.

11 Segment Reporting :

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

12. Defined benefit Plans

A The amounts (in Rs.) recognised in the statement of Profit and Loss are as follows:

Defined benefit Obligation

Sl. No.	Particulars	For the year ended	
		31st March 2010	31st March 2009
1	Current service cost	81,949	87,084
2	Interest on obligation	23,490	14,945
3	Expected return on plan assets	-	-
4	Net actuarial losses (gains) recognised in year ended	(39,687)	20,044
5	Past service cost	-	-
6	Losses (gains) on curtailments and settlement	-	-
	Total, included in 'Employee Benefit Expense'	65,752	122,073

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

Sl. No.	Particulars	For the year ended	
		31st March 2010	31st March 2009
1	Opening Defined Benefit Obligation	335,574	213,501
2	Service cost for the year	81,949	87,084
3	Interest cost for the year on opening D.B.O.	23,490	14,945
4	Actuarial losses (gains)	(39,687)	20,044
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	401,326	335,574



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

Sl. No.	Particulars (expressed as weighted average)	For the year ended	
		31st March 2010	31st March 2009
1	Discount rate	7.75%	7.00%
2	Expected return on plan assets	-	-
3	Proportion of employees opting for early retirement	-	-
4	Annual increase in Salary costs	6.00%	6.00%

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
FIRM REGN NO 101083W

For and on behalf of the board

CA K.V. BESWAL
PARTNER
Membership Number: 131054

Sandeep Lakhwara
Managing Director

K. R. Krishnamurthy
Director

Place: Mumbai
Dated: 12 August, 2010

Place: Bangalore
Dated: 12 August, 2010

S. Subramaniam
Company Secretary



DECCAN GOLD MINES LIMITED

(FORMERLY WIMPER TRADING LIMITED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

	For the year ended 31.03.2010 (Rs.'000)	For the year ended 31.03.2009 (Rs.'000)
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax & extraordinary items	(6,118.20)	(2,364.14)
Adjustment for:		
Add :		
Depreciation	904.78	765.62
Operating Profit / (Loss) before Working Capital Changes	(5,213.42)	(1,598.52)
Adjustment for:		
Increase / (Decrease) in Trade Liabilities	(2,747.18)	1,572.25
(Increase) / Decrease in Loans and Advances	817.34	(2,513.44)
Net Cash used in Operating Activities (A)	(7,143.26)	(2,539.71)
B: CASH FLOW FROM INVESTING ACTIVITIES:		
(Purchase)/Sale of Fixed Assets	(1,167.44)	1,983.31
(Increase)/Decrease in Investments	38,643.07	(4,342.47)
Pre Operative expenses	(14,148.72)	(2,728.59)
Net Cash flow from Investing Activities (B)	23,326.91	(5,087.75)
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)	16,183.65	(7,627.46)
Cash & Cash equivalents at the beginning of the year	1,816.47	9,443.93
Cash & Cash equivalents at the end of the year	18,000.12	1,816.47

As per our report of even date,
For V. K. BESWAL & ASSOCIATES,
CHARTERED ACCOUNTANTS
 FIRM REGN NO 101083W

CA K.V. BESWAL
 PARTNER
 Membership Number: 131054

Place: Mumbai
 Dated: 12 August, 2010

For and on behalf of the board

Sandeep Lakhwara
 Managing Director

K. R. Krishnamurthy
 Director

Place: Bangalore
 Dated: 12 August, 2010

S. 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, 2010
CIN	:	L51900MH1984PLC034662

B. CAPITAL RAISED DURING THE YEAR**(Amount in '000)**

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

C. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liability	:	172,512
Total Assets	:	172,512

SOURCE OF FUNDS

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

APPLICATION OF FUNDS

Net fixed Assets	:	3,017
Investment	:	56,368
Net Current Assets	:	23,564

D. PERFORMANCE OF THE COMPANY

Total Income	:	4,188
Total Expenditure	:	10,307
Profit/(Loss) Before Tax	:	(6,118)
Profit/(Loss) After Tax	:	(6,260)
Earning per share in Rs.	:	(0.11)
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
 FIRM REGN NO 101083W

For and on behalf of the board

CA K.V. BESWAL
 PARTNER
 Membership Number: 131054

Sandeep Lakhwara
 Managing Director

K. R. Krishnamurthy
 Director

Place: Mumbai
 Dated: 12 August, 2010

Place: Bangalore
 Dated: 12 August, 2010

S. Subramaniam
 Company Secretary

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

DIRECTORS' REPORT

Your Directors have pleasure in presenting their THIRTEENTH Annual Report of the company together with the audited accounts of the company for the year ended 31st MARCH, 2010.

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

MANAGEMENT

Till 1st February, 2010, the Board comprised of Dr. M. Ramakrishnan, Mr.K.Karunakaran, and Mr.S.C.R.Peshwa, On 1st February, 2010 Dr. V.N. Vasudev, Dr. M. Hanuma Prasad, Dr. M.K. Devarajan and Dr. Saleem Ahmed Khan were appointed as Additional Directors. All these Additional Directors cease to hold their office at the conclusion of the ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and being eligible, offer themselves for re-appointment. Further, Dr. M. Ramakrishnan, Director retires by rotation and being eligible, offers himself for re-appointment at the ensuing annual general meeting.

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, 2010 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 the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- e. Your Directors have prepared the Statement of Accounts for the year ended 31st March, 2010 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 (FRN 003108S), 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 all.

For and on behalf of the Board

Place : Bangalore
Date : 5 July 2010

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, 2010 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 31st March, 2010 from being appointed as a director of the Company are disqualified from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956; and
 - f. in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010; 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
Firm Registration No. (FRN) 003108S

Place : Bangalore
Date : 5 July 2010

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, 2010

	Schedule	As at 31.03.2010 (Rs. in '000)	As at 31.03.2009 (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		92.34	80.76
NET CURRENT ASSETS:			
CURRENT ASSETS:	B		
Inventories		360.00	29.75
Trade Debtors		126.50	375.33
Cash & Bank Balances		243.00	65.74
Loans & Advances		519.15	349.81
Total Current Assets		1,248.65	820.63
Less: CURRENT LIABILITIES:	C		
Current Liabilities		1,463.49	973.86
NET CURRENT ASSETS:		(214.84)	(153.23)
Miscellaneous Expenses (ASSET)			
Preliminary Expenses (to the extent not written off)		-	-
Profit & Loss Account		222.50	172.48
Total Application of Funds		100.00	100.00

Significant Accounting Policies & Notes to the Accounts

H

As per our report attached

For and on behalf of the Board

For **RAO & VENKATESULU**

Chartered Accountants

FRN 003108S

K.Y. Ningoji Rao

Partner

Membership No.18278

S.C.R. Peshwa

Director

K. Karunakaran

Director

Bangalore

5 July 2010



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule	For the Year ended 31.03.2010 (Rs. in '000)	For the Year ended 31.03.2009 (Rs. in '000)
INCOME:			
Exploration Charges Recovered		11,434.71	1,320.87
Other Income	D	525.06	-
Total Income		11,959.77	1,320.87
EXPENDITURE:			
Exploration Expenses	E	12,255.86	1,320.86
Administrative & Other Expenses	F	95.76	30.46
Financial Charges			
Depreciation			
Total		12,351.62	1,351.32
Increase in Inventory	G	(330.25)	(29.75)
Total Expenditure		12,021.37	1,321.57
NET PROFIT(+)/ LOSS(-) BEFORE TAXES		(61.60)	(0.70)
Less/Add(-): Prior Period Adjustments		-	-
Add : Deferred Tax Assets Created		11.58	-
NET PROFIT(+)/ LOSS(-) AFTER TAXES		(50.02)	(0.70)
Add: Balance Loss Brought Forward		(172.48)	(171.78)
BALANCE LOSS CARRIED FORWARD		(222.50)	(172.48)

Significant Accounting Policies & Notes to the Accounts

H

As per our report attached
For **RAO & VENKATESULU**
Chartered Accountants
FRN 003108S

For and on behalf of the Board

K.Y. Ningoji Rao
Partner
Membership No.18278

S.C.R. Peshwa
Director

K. Karunakaran
Director

Bangalore
5 July 2010



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2010 (Rs. in '000)	As at 31.03.2009 (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	360.00	29.75
Trade Debtors	126.50	375.33
Cash at Bank:		
In Current Accounts	223.00	54.57
Cash on Hand	20.00	11.17
Loans & Advances:		
Deposits	137.43	119.93
Advances Recoverable in Cash or kind	381.72	229.88
TOTAL	1,248.65	820.63
SCHEDULE 'C'		
CURRENT LIABILITIES		
Creditors for Trade	1,411.74	952.17
Creditors for Expenses	51.75	21.69
TOTAL	1,463.49	973.86
SCHEDULE 'D'	Current Year	Previous Year
OTHER INCOME	(Rs. in '000)	(Rs. in '000)
Consultancy Services Receipts	481.16	-
Interest on Income Tax Refund	17.00	-
Miscellaneous Income	26.90	-
TOTAL	525.06	-
SCHEDULE 'E'		
EXPLORATION EXPENSES		
Analysis charges	691.57	87.00
Boarding & Lodging charges	150.67	140.65
Camp Expenses	273.12	119.99
Diesel & Fuel Expenses	110.70	82.84
Duplicating charges	1.50	5.39
Field Supplies & Consumables	92.03	19.81
Field Vehicle Maintenance	52.92	40.96
RP/PL/ML Processing Expenses	22.40	41.42



	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
Land Compensation	266.92	227.12
Exploration Contract Expenses	3,138.42	-
Field Travel Expenses	25.28	31.17
Professional & Consultancy fee	424.00	439.00
Trenching & Pitting Charges	6,900.13	76.65
Surveying Charges	33.71	-
Other Camp Expenses : Telephone	72.49	8.86
TOTAL	12,255.86	1320.86
SCHEDULE 'F'		
ADMINISTRATIVE & OTHER EXPENSES		
Bank Charges	1.84	2.22
Filing Fee	0.15	3.89
Staff Welfare	4.46	-
Computer Maintainence	2.25	
Professional Charges	17.57	
Postage & Telegrams	7.53	1.41
Printing & Stationery	22.92	
Insurance Charges	2.30	
Travelling Expenses	19.83	
Interest On TDS Payments	0.36	0.70
Auditors Remuneration:		
For Audit	13.24	11.03
For Other Services	3.31	11.21
TOTAL	95.76	30.46
SCHEDULE 'G'		
INCREASE OR DECREASE IN STOCKS		
OPENING STOCK :		
Work in progress	29.75	-
TOTAL	29.75	-
CLOSING STOCK :		
Work in progress	360.00	29.75
TOTAL	360.00	
Increase (-) or Decrease (+) in Inventory	(330.25)	
SUNDRY CREDITORS		
FOR TRADE:		
Geomysore Services (India) Pvt. Ltd.	1,411.74	925.27
Shiva Analytics (India) Ltd.	-	26.90
TOTAL	1,411.74	952.17
FOR EXPENSES:		
Income Tax TDS Payable	20.87	7.35
Professional Charges Payable	-	
Service Tax	-	
Rao & Venkatesulu	30.88	14.34
TOTAL	51.75	21.69



DECCAN EXPLORATION SERVICES PRIVATE LIMITED

(Formerly DECCAN GOLD EXPLORATION SERVICES PRIVATE LIMITED)

	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
SUNDRY DEBTORS		
FOR TRADE:		
Deccan Gold Mines Ltd.	126.50	375.33
Total	126.50	375.33
LOANS & ADVANCES		
ADVANCES:		
Income Tax T.D.S.	369.44	229.88
S.B.Harish Kumar	12.28	-
Total	381.72	229.88
DEPOSITS		
Security Deposit	117.43	109.93
Rent Deposit	20.00	10.00
Total	137.43	119.93

SCHEDULE 'H'

NOTES FORMING PART OF ANNUAL ACCOUNTS

1 Trade Debtors include:

	Particulars	As At 31.03.2010 (Rs. in '000)	As At 31.03.2009 (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	126.50	375.33
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	126.50	375.33

2 . The particulars of the Deferred Tax Asset created is as under: (Rs.'000)

Particulars	As On 31.03.2010	As On 31.03.2009	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 31.03.2010	As On 31.03.2009	Total
Unabsorbed Items Under IT:			
Unabsorbed Business Loss	298.83	237.59	Nil
Unabsorbed Depreciation	Nil	Nil	Nil
Total	298.83	237.59	Nil
Deferred Tax Asset	92.34	80.76	11.58
Net Deferred Tax Asset:	92.34	80.76	11.58

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, 2010

BALANCE SHEET AS AT 31 MARCH, 2010

(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	92
Net Current Assets	(215)
Miscellaneous Expenditure	Nil
Accumulated Losses	222

IV. Performance of the Company:

Turnover	1196
Total Expenditure	1202
Profit Before Tax	(61)
Profit After Tax	(50)
Earning Per Share [Annualised]	
after reckoning Deferred Tax Asset (in Rs.)	(5.00)
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

As per our report attached

For and on behalf of the Board

For **RAO & VENKATESULU**

Chartered Accountants

FRN 003108S

K.Y. Ningoji Rao

Partner

Membership No.18278

Bangalore

5 July 2010

S.C.R. Peshwa

Director

K. Karunakaran

Director



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, 2010 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** and 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, 2010
 - 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
FIRM REGN NO 101083W

CA K.V. BESWAL
PARTNER
Membership Number: 131054

Place : Mumbai
Dated : 12 August, 2010



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31.03.2010 (Rs.'000)	As at 31.03.2009 (Rs.'000)
SOURCE OF FUNDS :			
Share Capital	A	58,450.00	58,450.00
Reserves & Surplus	B	113,256.11	113,256.11
T O T A L		171,706.11	171,706.11
APPLICATION OF FUNDS:			
FIXED ASSETS:	C		
Gross Block		6,103.73	4,936.29
Less: Depreciation		3,086.60	2,054.95
Net Block		3,017.13	2,881.34
GOODWILL		197.26	197.26
INVESTMENTS	D	56,268.45	94,911.52
CURRENT ASSETS, LOANS & ADVANCES	E		
Inventories		360.00	29.75
Cash & Bank Balances		18,243.11	1,882.21
Loans and Advances		6,888.41	7,319.72
		25,491.52	9,231.68
Less: Current Liabilities & Provisions	F	2,142.49	3,919.68
NET CURRENT ASSETS		23,349.03	5,312.00
Pre-operative Expenditure	G	51,791.97	37,643.25
		51,791.97	37,643.25
Profit & Loss Account		36,989.93	30,679.98
Deferred Tax Assets		92.34	80.76
T O T A L		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
FIRM REGN NO 101083W

For and on behalf of the board

CA K.V. BESWAL
PARTNER
Membership Number: 131054

Sandeep Lakhwara
Managing Director

K. R. Krishnamurthy
Director

Place: Mumbai
Dated: 12 August, 2010

Place: Bangalore
Dated: 12 August, 2010

S. Subramaniam
Company Secretary



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	For the Year ended 31.03.2010 (Rs.'000)	For the Year ended 31.03.2009 (Rs.'000)
INCOME			
Operational Income	H	12,017.47	5,998.83
Other Income	I	4,130.64	8,603.68
Increase/(Decrease) in Inventory		330.25	29.75
		<u>16,478.36</u>	<u>14,632.26</u>
EXPENDITURE			
Exploration Expenses		12,838.59	5,309.81
Administrative & Other Expenses	J	8,914.75	10,921.69
Depreciation		904.78	765.62
		<u>22,658.12</u>	<u>16,997.12</u>
Profit/(Loss) before taxation		(6,179.76)	(2,364.86)
Add/(Less) : Provision for Deferred Tax		11.58	-
Less : Provision for FBT		-	(60.00)
		<u>(6,168.18)</u>	<u>(2,424.86)</u>
Prior Period Items		141.77	(213.50)
		<u>(6,309.95)</u>	<u>(2,638.36)</u>
Add: Balance brought forward		(30,679.98)	(28,041.62)
Balance transferred to Balance Sheet		<u>(36,989.93)</u>	<u>(30,679.98)</u>
Basic Earnings Per Share (in Rs.)		(0.11)	(0.06)
Diluted Earnings Per Share (in Rs.)		(0.11)	(0.06)

Significant Accounting Policies & Notes to the Accounts

K

As per our report of even date,
For V. K. BESWAL & ASSOCIATES,
CHARTERED ACCOUNTANTS
FIRM REGN NO 101083W

For and on behalf of the board

CA K.V. BESWAL
PARTNER
Membership Number: 131054

Sandeep Lakhwara
Managing Director

K. R. Krishnamurthy
Director

Place: Mumbai
Dated: 12 August, 2010

Place: Bangalore
Dated: 12 August, 2010

S. Subramaniam
Company Secretary



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS AS AT 31st MARCH, 2010

	As at 31.03.2010 (Rs.'000)	As at 31.03.2009 (Rs.'000)
SCHEDULE 'A'		
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>
SCHEDULE 'B'		
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 31.03.2010

(Rs.'000)

Sl. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		Cost as at 01.04.09	Addition during the year	Deletion during the year	Total Cost as at 31.03.10	As at 01.04.09	For the Year Additions	Total as at 31.03.10	As at 31.03.10	As at 31.03.09
1	COMPUTERS	456.30	29.34	-	485.64	244.38	92.83	-	337.21	148.43
2	PLANT & MACHINERY	-	1,138.10	-	1,138.10	-	82.32	-	82.32	1,055.78
3	VEHICLE	502.09	-	-	502.09	363.76	35.81	-	399.57	102.52
4	OFFICE EQUIPEMENT	452.29	-	-	452.29	110.92	47.50	-	158.42	293.87
5	FURNITURE & FIXTURE	661.55	-	-	661.55	255.42	73.51	-	328.93	332.62
6	LEASED ASSETS	2,864.06	-	-	2,864.06	1,207.40	572.81	-	1,780.21	1,083.85
	TOTAL	4,936.29	1,167.44	-	6,103.73	2,181.88	904.78	-	3,086.60	3,017.13
	PREVIOUS YEAR	12,117.94	64.63	7,246.27	4,936.29	6,487.66	765.62	5,198.33	2,054.89	2,881.40

SCHEDULE 'D'
INVESTMENTS

Fortis Money plus Institutional Weekly dividend		
Mutual Fund (C.Y. Market value Rs. 559.36 lacs)	55,888.68	74,825.80
Reliance Medium Term Daily Dividend Plan (C.Y. Market Value Rs. 3.8 lacs)	379.77	20,085.72
	<u>56,268.45</u>	<u>94,911.52</u>

SCHEDULE 'E'
CURRENT ASSETS, LOANS & ADVANCES

Current Assets:		
Cash on hand	132.26	48.20
Balance with Banks		
- Current Accounts	3,110.85	834.01
- Term Deposits	15,000.00	1,000.00
	<u>18,243.11</u>	<u>1,882.21</u>



	As at 31.03.2010 (Rs.'000)	As at 31.03.2009 (Rs.'000)
Loans & Advances		
(Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	6,888.41	7,319.72
	<u>6,888.41</u>	<u>7,319.72</u>
SCHEDULE 'F'		
CURRENT LIABILITIES		
Sundry Creditors	1,637.97	3,584.11
Other Liabilities	103.19	-
PROVISIONS:		
Provision for Gratuity	401.33	335.57
	<u>2,142.49</u>	<u>3,919.68</u>
SCHEDULE 'G'		
PRE-OPERATIVE EXPENSES		
Exploration expenses	51,791.97	37,643.25
	<u>51,791.97</u>	<u>37,643.25</u>



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	For the year ended 31.03.2010 (Rs.'000)	For the year ended 31.03.2009 (Rs.'000)
SCHEDULE 'H'		
OPERATIONAL INCOME		
Exploration income	12,017.47	4,677.96
Drilling Income	-	1,320.87
	<u>12,017.47</u>	<u>5,998.83</u>
SCHEDULE 'I'		
OTHER INCOME		
Dividend	3,351.38	7,342.70
Interest	265.66	309.15
Profit/(Loss) on sale of Investments	5.54	(0.23)
Profit on Sale of Assets	-	952.06
Consultancy Services Receipts	481.16	-
Miscellaneous Income	26.90	-
	<u>4,130.64</u>	<u>8,603.68</u>
SCHEDULE 'J'		
ADMINISTRATIVE & OTHER EXPENSES:		
Salaries & other benefits	2,811.84	2995.61
Staff welfare	24.81	12.84
Books & Periodicals	1.75	19.20
Bank charges	20.58	17.94
Business promotion expenses	1,120.06	86.71
Travelling & conveyance	609.80	398.39
Electricity charges	127.70	149.38
Membership & Subscription	22.31	-
Repairs & Maintenance	160.05	199.86
Communication Expenses	35.76	-
Postage & telegram & Telephone	7.52	40.19
Rent, rate & taxes	2,399.62	2,147.15
Advertisement expenses	44.50	27.46
Audit fee	132.37	126.85
Directors Sitting Fees	75.00	77.50
Professional & consultancy fee	831.84	3,092.06
Misc Bal written off	50.00	-
Fees-Filing & Listing	211.20	152.85
Sundry Expenses	228.04	1377.70
	<u>8,914.75</u>	<u>10,921.69</u>



SCHEDULE 'K'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

ANNEXED TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

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:

- 1) Depreciation is provided as per Written down Value prescribed under Schedule XIV of the Companies Act, 1956.
- 2) Depreciation on Leased Premises is provided over a period of five years i.e the tenure 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 costs 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. Deferred tax is recognised subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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. Revenue Recognition:

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

- i. Exploration Income is recognised when services are provided
- ii. Interest Income is recognised on accrual basis
- iii. Dividend Income is accounted on accrual basis when the right to receive the dividend is established

I. Employee Benefits:

Leave encashment : - The company does not have a policy of carry forward of pending leaves 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 of cost method.

J. Provisions, contingent liabilities and contingent assets:

Estimation of the probability of any loss that might be incurred on outcome of contingencies on the basis of information available upto the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation



as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimates required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions.

These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonable possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statement. The company does not account for or disclose contingent asset, if any.

NOTES TO THE ACCOUNTS:

	31 March, 2010 (Rs. '000)	31 March, 2009 (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 on disputed Income Tax for the year 2007-08	1,813.17	1,813.17
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	95.11	2110.92
b. Earning in foreign currency	Nil	Nil
c. Payment to Auditors:		
- Audit Fees	132.37	126.85

6. Related party disclosure

a. Name of related parties and relationship

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

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

Dr.M.Ramakrishnan, K.R.Krishnamurthy, V.K.Gaur, Sandeep Lakhwara and Deccan Gold Exploration Services Pvt Ltd.,

c. Transactions with related parties :-

(Rs.'000)

Sl. No.	Nature	For the year ended 31 March, 2010
1	Managerial Remuneration	1,200.00
2	Directors Board Meetings and Audit Committee Meetings - Sitting Fee	75.00



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.51,791.97 (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	
	31 March, 2010	31 March, 2009
a Net Profit / (Loss) after Tax available for Equity Share holders	(6,309.95)	(2,638.36)
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	(0.11)	(0.06)
d Diluted earning per share	(0.11)	(0.06)

As per our report of even date,
For V. K. BESWAL & ASSOCIATES,
CHARTERED ACCOUNTANTS
 FIRM REGN NO 101083W

For and on behalf of the board

CA K.V. BESWAL
 PARTNER
 Membership Number: 131054

Sandeep Lakhwara
 Managing Director

K. R. Krishnamurthy
 Director

Place: Mumbai
 Dated: 12 August, 2010

Place: Bangalore
 Dated: 12 August, 2010

S. Subramaniam
 Company Secretary



DECCAN GOLD MINES LIMITED
(FORMERLY WIMPER TRADING LIMITED)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	For the year ended 31.03.2010 (Rs.'000)	For the year ended 31.03.2009 (Rs.'000)
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax & extraordinary items but after prior period items	(6,179.76)	(2,364.85)
Adjustment for:		
Add :		
Depreciation	904.78	765.62
Operating Profit / (Loss) before Working Capital Changes	(5,274.98)	(1,599.23)
Adjustment for:		
Increase / (Decrease) in Inventories	(330.25)	(29.75)
Increase / (Decrease) in trade liabilities	(1,842.95)	1,550.30
(Increase) / Decrease in Loans and Advances	431.31	(2,555.63)
Net Cash used in Operating Activities (A)	(7,016.87)	(2,634.31)
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Investments / Fixed Assets	37,526.49	(2,359.15)
Pre Operative expenses	(14,148.72)	(2,709.59)
Net Cash flow from Investing Activities (B)	23,377.77	(5,068.74)
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)	16,360.90	(7,703.05)
Cash & Cash equivalents at the beginning of the year	1,882.21	9,585.26
Cash & Cash equivalents at the end of the year	18,243.11	1,882.21

As per our report of even date,
For V. K. BESWAL & ASSOCIATES,
CHARTERED ACCOUNTANTS
FIRM REGN NO 101083W

CA K.V. BESWAL
PARTNER
Membership Number: 131054

Place: Mumbai
Dated: 12 August, 2010

For and on behalf of the board

Sandeep Lakhwara
Managing Director

Place: Bangalore
Dated: 12 August, 2010

K. R. Krishnamurthy
Director

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	:	31 March, 2010

B. CAPITAL RAISED DURING THE YEAR**(Amount in '000)**

Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL

C. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liability	:	173,849
Total Assets	:	173,849

SOURCE OF FUNDS

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

APPLICATION OF FUNDS

Net fixed Assets	:	3,017
Investment	:	56,268
Net Current Assets	:	23,349
Miscellaneous Expenses	:	88,874

D. PERFORMANCE OF THE COMPANY

Total Income	:	16,478
Total Expenditure	:	21,753
Profit/(Loss) Before Tax	:	(6,180)
Profit/(Loss) After Tax	:	(6,168)
Earning per share in Rs.	:	NIL
Dividend Rate %	:	NIL

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
 FIRM REGN NO 101083W

For and on behalf of the board

CA K.V. BESWAL
 PARTNER
 Membership Number: 131054

Sandeep Lakhwara
 Managing Director

K. R. Krishnamurthy
 Director

Place: Mumbai
 Dated: 12 August, 2010

Place: Bangalore
 Dated: 12 August, 2010

S. Subramaniam
 Company Secretary



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