



# DECCAN GOLD MINES LIMITED

**ANNUAL REPORT 2017**

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## NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE** is hereby given that the Thirty Third (33rd) Annual General Meeting of the Shareholders of **DECCAN GOLD MINES LIMITED** ("THE COMPANY") will be held on **Monday, November 27, 2017** at Boundary Hall, 1st Floor, Mumbai Cricket Association Recreation Centre, RG-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051 at 3.00 pm. to transact the following Business:

**ORDINARY BUSINESS:**

1. To consider and adopt:
  - (a) The audited financial statements of the Company for the financial year ended March 31, 2017, along with the Reports of the Board of Directors and the Auditors' thereon.
  - (b) The audited consolidated financial statements of the Company for the year ended March 31, 2017.
2. To appoint a Director in place of Mr. Charles Edward English Devenish (DIN: 01252091), who retires by rotation and being eligible, has offered himself for reappointment.
3. To appoint M/s. P R Agarwal & Awasthi, Chartered Accountants, Mumbai (Firm Registration No. 117940W), as Statutory Auditors of the Company, to hold office from the conclusion of this 33rd Annual General Meeting until the conclusion of the 38th Annual General Meeting subject to ratification by the shareholders at every Annual General Meeting held during their tenure and to authorize the Board of Directors to fix their Remuneration.

By order of the Board  
for DECCAN GOLD MINES LIMITED

Place : Mumbai  
Date : September 14, 2017

**S. Subramaniam**  
Company Secretary  
ACS 12110

CIN: L51900MH1984PLC034662

**REGISTERED OFFICE:**

Parinee Crescenzo, 803, 8th Floor, Opp. MCA,  
C38-C39, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.  
Tel .No.:022-33040797 Fax No.: 022-26532440  
Email.: info@deccangoldmines.com  
Website.: www.deccangoldmines.com

# DECCAN GOLD MINES LIMITED

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## Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THAT A PROXY NEED NOT BE A MEMBER. A person can act as a proxy on behalf of the members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital carrying voting rights may appoint a single person as Proxy and such person cannot act as proxy for any other member.
2. Proxies, if any, in order to be valid and effective, must be received at the Company's Registered Office not later than 48 (forty-eight hours) before the time fixed for commencement of the meeting.
3. Corporate members who intend to send their authorized representatives to attend and vote at the meeting should send a certified copy of their board resolution to this effect.
4. The physical copies of notice of 33rd Annual General Meeting and the Annual Report 2016-17 shall be open for inspection at the Registered Office of the Company during business hours between 11.00 am to 1.00 pm except on holidays, up to the date of the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 9.00 a.m., Friday, November 17, 2017 to 5.00 p.m., Monday, November 27, 2017 (both days inclusive) for the purpose of the Annual General Meeting.
6. In terms of Section 152 of the Companies Act, 2013 Mr. Charles Edward English Devenish (DIN: 01252091), Director, retires by rotation at the meeting and being eligible, offers himself for re-appointment. The Board of Directors of the Company recommend his re-appointment.
7. Brief resume of the Director proposed to be re-appointed, nature of his expertise in specific functional areas, names of public companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under the applicable stock exchange regulations, are provided in the Corporate Governance Report forming part of the Annual Report and elsewhere in this Notice.
8. Members are requested to update their bank mandate / NECS / Direct credit details / name / address / power of attorney and update their Core Banking Solutions enabled account number:
  - **For shares held in physical form:** with the Registrar and Transfer Agent of the Company.
  - **For shares held in dematerialized form:** with the depository participant with whom they maintain their demat account.

## Request to members:

1. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Investor Relations Department (info@deccangoldmines.com / karun@deccangoldmines.com / subbu@deccangoldmines.com), so as to reach the Corporate Office of the Company at least seven working days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent practicable.
2. Members / proxy are requested to bring a copy of Annual Report and attendance slip to the meeting.
3. Members who hold shares in the dematerialized form are requested to write their Client ID and DP ID and those who hold shares in the physical form are requested to write their folio number in the attendance slip.
4. Non Resident Indian members are requested to immediately inform their depository participant (in case of shares held in dematerialized form) or the Registrars and Transfer Agents of the Company (in case of shares held in physical form), as the case may be, about:

- (i) the change in the residential status on return to India for permanent settlement;
  - (ii) the particulars of the NRE account with a bank in India, if not furnished earlier.
5. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Companies (Management and Administration Rules), 2014, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company are requested to submit their request with their valid e-mail address to Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company. Members holding shares in demat form are requested to register/update their e-mail address with their Depository Participant(s) directly. Members of the Company, who have registered their email-address, are entitled to receive such communication in physical form upon request.
- 6. E-Voting**
- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, Regulation 44 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2,, the Company is pleased to provide members the facility to exercise their right to vote at the 33rd Annual General Meeting (AGM) by electronic means viz. Remote E-voting and voting through ballot (at the venue of the AGM) and all the business contained in the Notice may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).

**The instructions for shareholders voting electronically are as under:**

The Remote E-voting period begins on Thursday, November 23, 2017 (9.00 am) and ends on Sunday, November 26, 2017 (5.00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., Monday, November 20, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Click on Shareholders / Members
- (iii) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.

## DECCAN GOLD MINES LIMITED

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### Dividend Bank Details

OR DOB

Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to log in.

If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii)

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN of “DECCAN GOLD MINES LIMITED” on which you choose to vote.
- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take print out of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If a Demat account holder has forgotten the changed login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) Further, members may note the following:
- Remote e-voting shall not be allowed beyond the said date and time
  - The Company is providing facility to vote on a poll to the Members present at the meeting
  - The Members who have cast their vote by remote e-voting may also attend the Meeting, but shall not be entitled to cast their vote again
  - A person whose name is recorded in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the General Meeting.
- (xxi) Any person, who acquires shares of the Company and becomes a member after dispatch of the notice and holding shares as on the cut-off Date i.e., Monday, November 20, 2017 should follow the same procedure for e-Voting as mentioned above.
- II. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of Monday, November 20, 2017. A person who is not a member as on the cut-off date should treat this notice for information purposes only.
  - III. A copy of this notice has been/ shall be placed on the website of the Company and the website of CDSL e-Voting.
  - IV. Mr. Himanshu S. Kamdar, Partner of M/s. Rathi & Associates, Practicing Company Secretaries, Mumbai (Membership No. 5171, Certificate of Practice No. 3030) has been appointed as the Scrutinizer to scrutinize the Remote e-voting and physical ballot process in a fair and transparent manner.
  - V. The Chairman, shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
  - VI. The Scrutinizer shall immediately after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  - VII. The Results declared along with the Report of the Scrutinizer shall be placed on the website of the Company [www.deccangoldmines.com](http://www.deccangoldmines.com) and on the website of CDSL e-Voting immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to BSE Limited, Mumbai, and the Stock Exchange is required to place the same on their website. The same shall also be placed on the website of CDSL.

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VIII. Members are requested to send all communications relating to shares to the Company's Registrar & Share Transfer Agent (R & T Agent) at the following address:

Link Intime India Private Limited  
C 101, 247 Park, LBS Marg, Vikhroli West,  
Mumbai – 400 083  
Tel : 91-22-49186000  
Fax : 91-22-49186060  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

7. Members / Proxies are requested to bring the attendance slips duly filled in to the Meeting.

By order of the Board  
for DECCAN GOLD MINES LIMITED

Place : Mumbai  
Date : September 14, 2017

**S. Subramaniam**  
Company Secretary  
ACS 12110

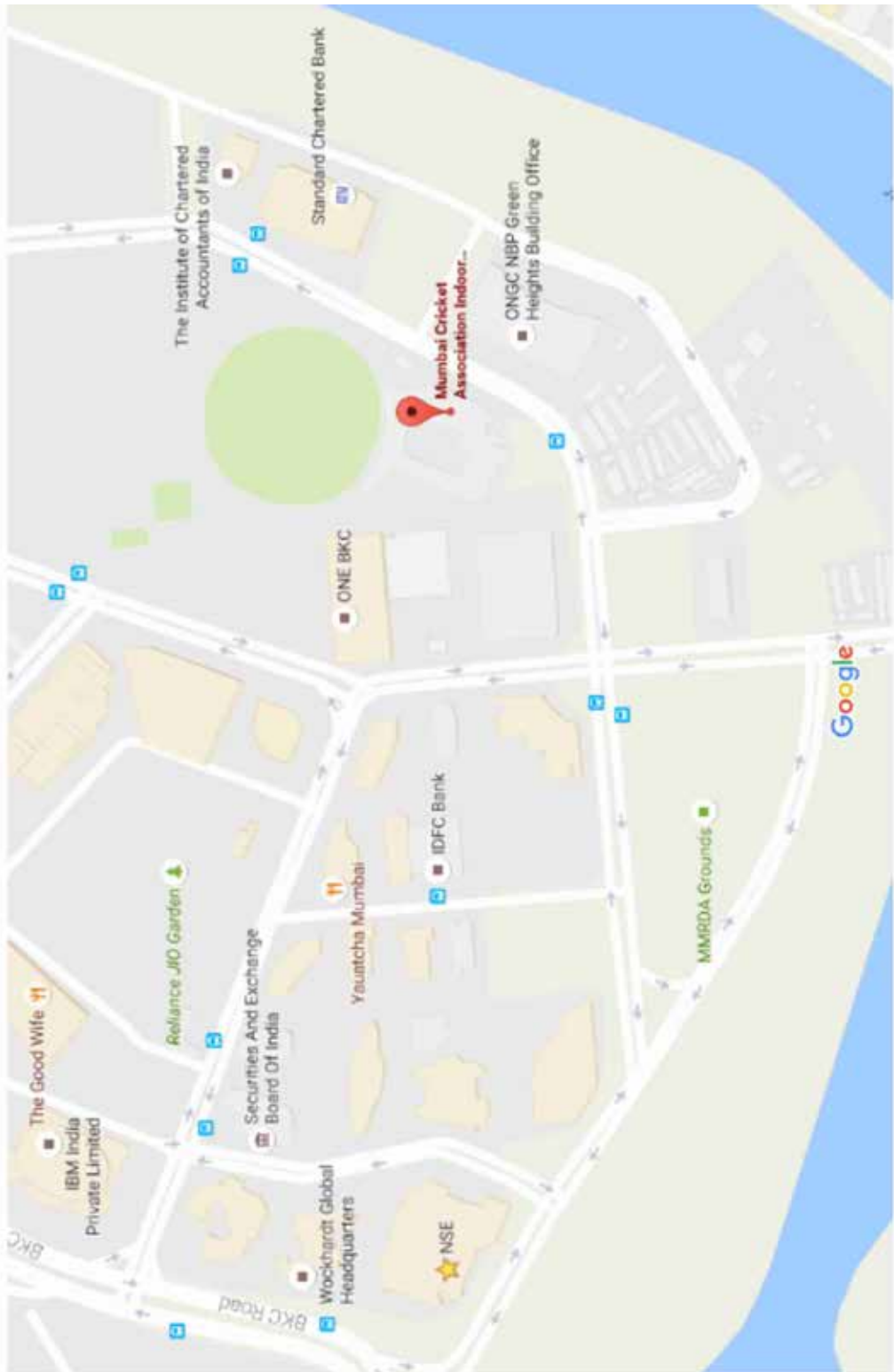
CIN: L51900MH1984PLC034662

**REGISTERED OFFICE:**

Parinee Crescenzo, 803, 8th Floor, Opp. MCA,  
C38-C39, G Block, Bandra Kurla Complex, Bandra (East),  
Mumbai – 400 051.  
Tel .No.:022-33040797 Fax No.: 022-26532440  
Email.: [info@deccangoldmines.com](mailto:info@deccangoldmines.com)  
Website.: [www.deccangoldmines.com](http://www.deccangoldmines.com)

Route Map for Boundary Hall, 1st Floor, Mumbai Cricket Association Recreation Centre, RG-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051

Google Maps Mumbai Cricket Association Indoor Cricket Academy & Recreation Centre  
VENUE OF 32ND ANNUAL GENERAL MEETING OF DECCAN GOLD MINES LIMITED





## DECCAN GOLD MINES LIMITED

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

[Pursuant to Secretarial Standards – 2 and Regulation 36(3) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

#### DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT

Name	Mr. Charles Edward English Devenish
Director Identification Number (DIN)	01252091
Age / Date of Birth	77 years / October 24, 1940
Appointed on	January 21, 2003
Qualification	School Leaving Certificate
Experience / Expertise in specific functional areas	Promoter of mineral exploration companies
Terms and conditions of appointment	Retirement by rotation and reappointment
Details of remuneration sought to be paid	Nil
Remuneration last drawn by person	Nil
Relationship with other Directors / Manager and other KMP	Nil
Number of Board Meetings attended during the year	6
Directorship held in Companies (other than Deccan Gold Mines Limited)	(1) Vasundhara Metal Mining Private Limited
	(2) Australian Indian Rural Development Foundation
	(3) Vajra Diamond Mining Private Limited
Membership / Chairmanships of Committees across Companies (other than Deccan Gold Mines Limited)	Nil
No. of shares held in the Company	Nil

There are no inter-se relationships amongst the Directors.

# DECCAN GOLD MINES LIMITED

**Regd. Office:** Parinee Crescenzo, 803, 8<sup>th</sup> Floor, Opp. MCA  
C38-C39, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051

CIN: L51900MH1984PLC034662

**Tel.:** +91 022 33040797 **Fax:** +91 022 26532440

## ATTENDANCE SLIP

**33rd Annual General Meeting – Monday, November 27, 2017**

Sr. No.:

<b>Registered Folio/DP ID &amp; Client Id</b>	
<b>Name and Address of the Shareholder</b>	
<b>Joint Holder 1 Joint Holder 2</b>	
<b>Name of Proxy/Representative, if any</b>	
<b>No. of Shares held</b>	

1. I hereby record my presence at the 33<sup>rd</sup> ANNUAL GENERAL MEETING of the Company held on Monday, November 27, 2017 at 3:00 p.m. at Boundary Hall, 1<sup>st</sup> Floor, Mumbai Cricket Association Recreation Centre, RG-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 and/or any adjournment thereof.
2. Signature of the Shareholder/ Proxy Present
3. Shareholder / Proxy attending meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.
4. Shareholder/ Proxy desiring to attend the meeting may bring his/her copy of the Annual Report for reference at the meeting.
5. Bodies Corporate, whether a Company or not, who are members, may attend through their authorised representatives appointed under Section 113 of the Companies Act, 2013. A copy of authorisation should be deposited with the Company.

**Note:** PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING

## ELECTRONIC VOTING PARTICULARS

<b>Electronic Voting Sequence Number) (EVSN)</b>	<b>User ID</b>	<b>Password</b>

**Note:** Please read the instructions printed in the Notes attached to the Notice dated September 14, 2017 convening the 33<sup>rd</sup> Annual General Meeting. The voting period starts from 9.00 a.m. on Thursday, November 23, 2017 and ends at 5.00 p.m. on Sunday, November 26, 2017. The voting module shall be disabled by CDSL for voting thereafter.

# DECCAN GOLD MINES LIMITED

Parinee Crescenzo, C38-C39, G Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400051

CIN: L51900MH1984PLC034662

## Proxy Form

Form No. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):  Registered address:    E-mail Id:	Folio No:  *Client Id:  *DP ID:
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(\*applicable for investors holding shares in electronic form)

I/ We, being the member (s) of ..... shares of the above named company, hereby appoint:

1. Name .....  
Address.....  
.....  
E-mail id:.....Signature:..... or failing him/her.
2. Name .....  
Address.....  
.....  
E-mail id:.....Signature:..... or failing him/her.
3. Name .....  
Address.....  
.....  
E-mail id:.....Signature:..... or failing him/her.

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on **Monday, November 27, 2017 at 3:00 p.m. at Boundary Hall**, 1st Floor, Mumbai Cricket Association Recreation Centre, RG-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\*I wish my proxy to vote in the manner as indicated in the box below:

Item No.	Description	Type of resolution (Ordinary / Special)	For	Against
1.	Adoption of the audited standalone and consolidated Balance Sheet and Profit & Loss Account for the year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon.	Ordinary		
2.	Appointment of a Director in place of Mr. Charles Edward English Devenish (DIN: 01252091) who retires by rotation and being eligible offers himself for re-appointment.	Ordinary		
3.	Appointment of M/s. P R Agarwal & Awasthi, Chartered Accountants, Mumbai (Firm Registration No. 117940W), as Statutory Auditors and authorise the Board to fix their remuneration.	Ordinary		

Signed this..... day of..... 2017

Signature of Shareholder

Affix  
Revenue  
Stamp

Signature of Proxy holder(s)

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A proxy need not be member of the Company.
3. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. \*\* This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate. In terms of Regulation 44(4) of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2013, Equity shareholders may vote either for or against each resolution as proposed in the Notice of Annual General Meeting.
5. In case of joint holders, the signature of any other holder will be sufficient, but names of all the joint holders should be stated.

# DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

**Registered Office:**

Parinee Crescenzo, 803, 8th Floor,  
Opp. MCA, C38-C39, G Block,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051.

Tel No. : 022-33040797

Fax No. : 022-26532440

Web site: [www.deccangoldmines.com](http://www.deccangoldmines.com)

Email. : [info@deccangoldmines.com](mailto:info@deccangoldmines.com)

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## CHAIRMAN'S LETTER

October 27, 2017

Dear Shareholder,

The past year has been one of positive progress, with the completion of the Joint Ore Resources Committee, Australia (JORC) compliant Feasibility Study by Snowden and reporting a robust project and positive decision to develop the Ganajur Gold Project .

On the other hand, the delay in receiving the Letter of Intent (LoI) has understandably caused much anxiety for shareholders but owing to the clear legal standing, I remain confident that the LoI will ultimately be issued. In the meanwhile, significant progress has been made in regards to the required preparation to build the Ganajur mine.

Feasibility studies have increased the level of confidence in the Ganajur gold mineralisation with bulk of the resource being upgraded to mineable proved category reserves as per JORC Standards. The financial model has indicated net cash flows of USD 133 million before tax over the life of the mine. The Net Present Value (NPV) at 5% DCF is USD 91.6 M and USD 61.4 M before and after tax respectively at a gold price of USD 1250 per ounce. The Internal Rate of Return (IRR) is a very healthy 39.1% and 29.6% before and after tax respectively, and the payback period for the Project is 2.7 years. Financial analysis has also indicated that Ganajur Project can break even at a price of just 700 USD per ounce.

These numbers are very exciting for any gold project and as Chairman of the Company I would like to remind shareholders that Ganajur is a robust gold mining project that would often be referred to as a 'company maker'. Most successful gold mining companies in jurisdictions such as Australia, started with an open pit mine similar in size to Ganajur. It is the engine that will drive the subsequent development of our other valuable assets in the Hutti Greenstone Belt and other areas. The Ganajur cash flows will enable us to drill and prove up these other world-class gold targets.

I would also like to inform the shareholders that Deccan has made serious progress in the field of infrastructure which will be critical in commissioning of the project. We have progressed in land acquisition process, water, power and getting permission from Railways. We are also in the process of getting environmental clearance for the processing plant.

We have a strong technical team that through the undertaking of the Feasibility Study, has strengthened its detailed knowledge of the Ganajur project although, we must continue to build on this with the addition of mining and processing specific expertise to ensure efficient and successful implementation of the project.

I would like to remind shareholders that I am continually lobbying and advocating at various political levels directly, as well as through various industry bodies, in terms of the much required changes to the Mining Act and associated Policy. I am led to believe that the Government is seriously considering revisiting some of the areas that would help boost the exploration industry and although we must remain cautiously optimistic, I will continue to advocate strongly for the industry's best interests.

In spite of the regulatory delays, Deccan remains resolute, with an incredibly robust and much sought after portfolio of gold projects. Deccan remains well placed to become a major Indian gold miner and I hope the shareholders can appreciate that although we await the LoI, significant progress has been and continues to be made in regards building India's first private sector gold mine.

Yours truly

**Charles E.E. Devenish**

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# DECCAN GOLD MINES LIMITED

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## CORPORATE INFORMATION

Chairman	:	Mr. Charles E.E. Devenish
Managing Director	:	Mr. Sandeep Lakhwara
Directors	:	Mr. K.R. Krishnamurthy Ms. Pratima Ram Prof. V.K. Gaur
Head-Legal & Company Secretary	:	Mr. S. Subramaniam
Chief Financial Officer	:	Mr. K. Karunakaran
Auditors	:	M/s. V.K. Beswal & Associates Chartered Accountants, Mumbai.
Registrars & Share Transfer Agents	:	Link Intime India Private Limited C 101, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400 083 Tel : 91-22-49186000 Fax : 91-22-49186060 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>
CIN	:	L51900MH1984PLC034662
Bankers	:	Kotak Mahindra Bank
Registered Office	:	Parinee Crescenzo, 803, 8th Floor, Opp. MCA Ground, C38-39, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Tel : 91-22-33040797 Fax : 91-22-26532440 Email : <a href="mailto:info@deccangoldmines.com">info@deccangoldmines.com</a> Web : <a href="http://www.deccangoldmines.com">www.deccangoldmines.com</a>
Corporate Office	:	No. 5, 19th Main Road, 4th Sector, HSR Layout, Bengaluru – 560 102 Tel : 91-80-67155700 Fax : 91-80-67155701 Email : <a href="mailto:info@deccangoldmines.com">info@deccangoldmines.com</a>



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**PROFILE OF DIRECTORS****CHARLES E. E. DEVENISH**

Chairman (Non-executive, Non-independent)

Charles has strong involvement in mineral exploration in Australia and overseas for decades. 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 ever since 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. He was appointed to the Board of our company in July 2002.

**SANDEEP LAKHWARA (B.BUS., CPA)**

Managing Director (Executive)

Sandeep has over 15 years experience in the exploration and mining sector. 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, mergers and acquisition and corporate regulatory requirements for publicly listed companies. He was appointed on the Board of our Company in July 2002 and since then is primarily responsible for the development of Deccan Gold Mines Limited. Sandeep has made various presentations on factors influencing gold pricing, the operation and business model of international mineral exploration companies, and is regularly called upon to contribute articles on the gold mining industry to various newspapers and magazines.

**K.R. KRISHNAMURTHY**

Independent Non-Executive Director

K.R. Krishnamurthy is a well known Mining Engineer, practising as a consultant since 1990. He is B.Sc., Chartered Engineer (from Institute of Engineers (India)) and holds a Diploma in mining & First Class Mine Managers Certificate of Competency with over five decades of experience in the mining sector. Earlier he has worked for Kolar Gold Mining Undertakings in Kolar Gold Fields, Indian Copper Corporation Limited, Chitradurga Copper Company Limited and Ashanti Gold Fields Corporation Limited (Ghana, West Africa). He is a mining consultant and advises many mineral based industries in India and abroad.

**Ms. PRATIMA RAM**

Independent Non-executive Director

Pratima Ram graduated from the University of Virginia, USA and Bangalore University. She is an experienced banker with three decades in corporate, international and investment banking and has held the position of Chief General Manager and Country Head of United States operations of State Bank of India and prior to this she was the CEO of the South African operations of the Bank. At SBI Capital Markets, Pratima led the Corporate Advisory, M&A, & Project Appraisal businesses. While at SBI, she also headed the Diamond Financing business of the Bank. She later joined the private sector in the infrastructure space as Group President, Finance, at Punj Lloyd Group which has diversified operations in more than 15 countries. Till recently she was the CEO of India Infoline Finance Ltd, an NBFC focused on lending to small businesses, real estate and health care sectors. She is now Advisor to India Infoline Finance Ltd. She has held Board positions in SBI California Ltd, USA and India Infoline Finance Ltd, Mumbai.

## DECCAN GOLD MINES LIMITED

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### **PROF VINOD KUMAR GAUR**

Independent Non-executive Director

Prof. Gaur is an eminent geoscientist. He is holder of Doctorate of Philosophy from University of London. He is a former Director of the National Geophysical Research Institute, Professor at Professional University of Roorkee and the Indian Institute of Astrophysics. He has also been Secretary to the Government of India between 1989-96.

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## **KEY PERSONNEL**

**S.C.R.PESHTWA, FGS (LOND), MGS (SA)**

Exploration Director

Peshwa has nearly 32 years of experience as a mining and exploration geologist and specializes in gold exploration and resource modeling. 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. He successfully carried out gold prospecting in the Red Sea hills region of Sudan. Mr. Peshwa is responsible for the development of DGML's Gold Projects and has implemented different exploration methods as per international standards including QA/QC programmes. He has international exposure for different styles for gold mineralization. Being a Fellow of Geological Society of London and Member of Geological Society of South Africa qualifies him as a competent person as defined by the JORC Code. Mr. Peshwa is also an RQP (Recognition as Qualified Person) awarded by Indian Bureau of Mines.

**JOHN FODOR**

Process Engineer

John has twenty five years of metallurgical operations experience, five years of study management and six years as a technical advisor.

Highlights of his career include:

- Commissioning and start-up of gold process plant facilities – this involved preparation and implementation of SOP/STP's, business readiness operational plans, project management of capital projects, preventative maintenance and shutdown planning / optimization, process plant debottlenecking / optimization and process circuit / equipment commissioning
- Study Management – Scoping through to definitive Bankable feasibility studies, financial modeling
- Technical – Gold and silver metallurgy, crushing and grinding circuit design and operational optimization, geo-metallurgical modelling, development and supervision of metallurgical test work programs

John holds a B.Sc Degree in Metallurgy and is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM).

**K. KARUNAKARAN**

Chief Finance Officer

Karunakaran is a Certified Management Accountant from CMA (Australia) and also holds a Diploma in Management Accounting from CIMA, UK. He has a Masters Degree in Commerce. He possesses nearly three decades of experience in the field of Finance, Accounts and Audit and has worked in organisations in India and abroad. He has got wide experience in matters relating to Indian corporate laws, Banking matters and taxation. Apart from working in reputed corporates in India, Karun worked for 5 years in one of the leading multi divisional company in Sultanate of Oman – Muscat, in the internal audit department and advised management on methodologies to strengthen their internal control systems.

## DECCAN GOLD MINES LIMITED

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### **S. SUBRAMANIAM**

Head-Legal & Company Secretary

Subramaniam is an Associate Member of Institute of Company Secretaries of India and a Chartered Management Accountant from CIMA, UK. Also holds a Law Degree from Bangalore University. He has 19 years of experience in the field of Company Law and other corporate laws. During his career, he has handled corporate restructuring exercises including mergers / demergers, amalgamations, joint ventures, foreign collaborations, fund raisings & listing of securities on domestic and foreign stock exchanges. He is in charge of the corporate legal and company secretarial matters and also functions as the Compliance Officer of the Company.

### **Dr. S.B. HARISH KUMAR**

Exploration Manager

Harish has nearly 18 years of experience in mineral exploration, particularly in the States of Karnataka, Andhra Pradesh, Tamil Nadu and Kerala. He was a key member of the exploration team of DGML involved in the discovery of Ganjaur gold deposit. Since then he has been actively involved in the exploration and development of the Ganajur gold project at all stages, including, geological mapping, ground geophysical surveys, execution of drilling programmes, Scoping studies, EIA and EMP studies etc. Besides, he has also been involved in the exploration of Mangalagatti and Bhavihal prospects of DGML.

### **RAJEEV P. HANAMASAGAR (M.SC IT)**

GIS - IT Manager

Rajeev has 12 years of experience in Mining and GIS software and its applications to geological and mineral exploration programs. He has developed expertise in generating maps on GIS platform to international standards.

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## REPORT ON EXPLORATION ACTIVITIES

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### GANAJUR MAIN GOLD PROJECT

#### (1) BACKGROUND INFORMATION

This Project area forms part of Archaean Western Dharwar Craton in the State of Karnataka. Deccan Exploration Services Private Limited (DESPL), a 100% subsidiary of Deccan Gold Mines Limited (DGML), explored an area of 5000 sq km of the Dharwar-Shimoga Greenstone belt covered under 2 RP blocks resulting in identification of 22 gold prospects (Fig-1 and 2). Gold mineralization in all the prospects is hosted within sulphidic banded ferruginous chert. Prospects around Dharwar towards North (Dharwar Cluster) and Haveri in the South (Ganajur-Karajgi Cluster) are considered as significant discoveries.

**DESPL submitted a total of Seven (7) Prospecting License (PL) and two (2) Mining Lease (ML) applications, covering all the important prospects of Dharwar-Shimoga basin. All these applications are in compliance with the provisions of Mines & Minerals (Development & Regulations) Act 1957 (MMD&R) Act amended by the Government of India in March 2015. Thus these PL and ML applications of DESPL remain valid and are expected to be granted as per the regulations.**

Ganajur Main Gold deposit is a discovery of DESPL as a result of systematic exploration carried out under RP and PL stages. Exploration carried out under different phases as per the international norms resulted in overall value addition of the whole Ganajur-Karajgi cluster in general and Ganajur Main Gold Deposit in particular. Gold resources were also estimated in two other satellite prospects viz Ganajur SE and Karajgi Main prospect. The exploration data generated so far revealed that this block is a major mineral corridor with potential to host significant resources of gold.

Ganajur-Karajgi cluster is part of Ranibennur group of the late Archaean-Dharwar-Shimoga greenstone belt in the western Dharwar Craton. Gold mineralization in the area is hosted within sulphidic BIF's.

DESPL's Mining Lease application over an area of 0.29 km<sup>2</sup> covering the Ganajur Main Gold Deposit in Ganajur village (Fig-7), Haveri Taluk and District in Karnataka was approved by the Ministry of Mines, Government of India vide letter No. 4/113/2010-MIV dated 24th July 2015.

It may be noted that the Ganajur ML file was initially recommended by the State Government of Karnataka to the Ministry of Mines, Government of India (MoM) way back in 2010 and various issues have been raised by multiple Government authorities over time, all of which were successfully resolved resulting in the MoM's prior approval under Section 5(1) of MMDR being granted in July 2015. However the State Government of Karnataka introduced a new system of Standard Operating Procedures (SOP) for processing all mineral concession applications awaiting approval. As a result of this new system, issue of grant notification / Letter of Intent for Ganajur Mining License was delayed in order to ensure compliance with the internal checklists prepared by the State Government. The Department of Mines & Geology (DMG) prepared the SOP as per the prescribed format and the same was forwarded to the State Government.

In the meantime the Ministry of Mines in its letter to the State Government dated February 7, 2017 clarified that its prior approval was under Section 10A(2)(b) of MMDR. In this latest letter, MoM also advised the State Government of Karnataka to get the Mining Lease executed in accordance with law at the earliest and to expedite the clearances and approvals for starting the mining operations. Vide its letter dated March 20, 2017 the Commerce and Industries Department (C & I) forwarded the above noted MoM's letter to DMG seeking its comments thereon. The DMG's response was forwarded to the C & I during June, 2017 for further action.

Now we have been informed that the C & I as a matter of adequate precaution, propose to refer the file to the Law Department, Government of Karnataka for its opinion for confirmation that the Ganajur ML application is in compliance with the relevant Rules & Regulations of Mines and Minerals (Development & Regulation) Act, 1957 ("MMDR") and that due processes have been followed in the processing of the file. The Company is waiting for the final grant order/Letter of Intent (LoI) from the State Government of Karnataka.

Shareholders may appreciate that DGML has made all out efforts to speed up the implementation of the project while the approval of the ML is awaited. **The following are the major achievements in the project.**

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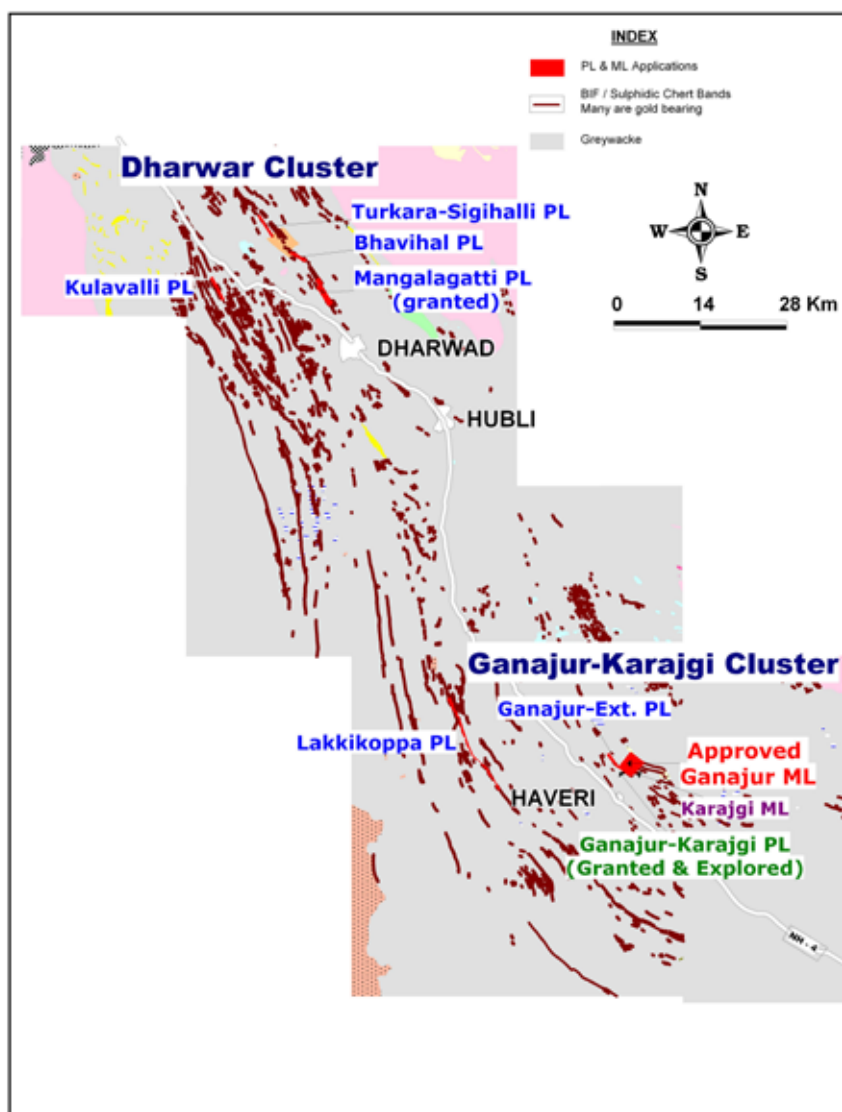


Fig-2 : Dharwar - Shimoga Basin, Details of Leases/Applications

#### FEASIBILITY STUDIES FOR GANAJUR GOLD PROJECT:

DGML appointed an internationally reputed Geological and Mining Consultant Snowden Mining Industry Consultants (Snowden) based in Perth for undertaking bankable feasibility studies (FS) for the Ganajur Gold Project of its subsidiary Deccan Exploration Services Private Limited (DESPL).

A feasibility study is an evaluation of a proposed mining project to determine whether the mineral deposit can be mined economically and whether to definitively proceed with the project. Snowden has demonstrated the economic viability of the project and submitted a revised Mineral Resource estimates and Ore Reserves. The Australasian Code for Reporting of Exploration Results ('the JORC Code') 2012 Edition was used to identify economic Mineral Resources and Ore Reserves. DESPL has concluded that based on study inputs and outcomes, the Ganajur Gold mine is an economically attractive and robust project that can be developed into a viable gold producing operation. DESPL is seeking to establish an open pit gold mine and 0.3 million tonnes per annum (Mtpa) processing plant at Ganajur in Haveri District.

# DECCAN GOLD MINES LIMITED

## HIGHLIGHTS OF FS:

The FS has taken approximately 11 months to prepare. The document encompasses an elaborate study of every discipline required to take the Ganajur Gold Mine into production. The FS covered the following disciplines in a comprehensive manner. Several experts, both in country and abroad were heavily involved in completion of the FS as per International Standards. FS covered the following studies in detail:

- Introduction to the Project
- Geology and Mineral Resource estimates
- Metallurgical testing and recovery
- Process and plant description
- Mining engineering and Ore Reserve estimates
- Surface geotechnical and tailings disposal
- Project infrastructure
- Marketing information on gold production
- Geochemistry
- Hydrogeology and Hydrology
- Environmental studies, permitting and social or community impact
- Cost analysis
- Economic analysis
- Risks and Opportunities
- Recommendations
- Interpretation, development and conclusions

The full FS report has been uploaded on the DGML website, [www.deccangoldmines.com](http://www.deccangoldmines.com). Key outcomes of the FS is summarized below:

## GEOLOGY AND MINERAL RESOURCE ESTIMATE:

Snowden processed the entire exploration data and a revised resource model was prepared. Based on the revised resource model, Snowden estimated a Mineral Resource for the Ganajur Main Gold deposit as per JORC 2012 (Table-1). Pursuant to this estimate, the overall gold Mineral Resource under Measured and Indicated Resource categories was 300,000 ozs, with an increase in the Inferred Resource category by about 9,000 ozs of gold, as compared to the scoping study Mineral Resource estimates provided by SRK (Geological & Mining Consultants) in 2012. Snowden has expressed its satisfaction at the overall QA/QC procedures adopted by DESPL. Please refer to the paragraph headed "Up gradation of Mineral Resources to Ore Reserves" wherein the quantum of up gradation has been provided.

**Table 1 - Mineral Resource estimate**

Classification	Deposit	Tonnes (Mt)	Grade Au (g/t)
Measured	Oxide	0.58	2.8
	Sulphide	1.70	4.0
	Total Measured	2.30	3.7
Indicated	Oxide	0.13	1.9
	Oxide	0.13	1.9
	Sulphide	0.32	2.1
	Total Indicated	0.45	2.1
Measured + Indicated	Total	2.70	3.4
Inferred	Sulphide	0.11	2.3
	Oxide	0.10	2.3
	Sulphide	0.11	2.3
	Total Inferred	0.21	2.3





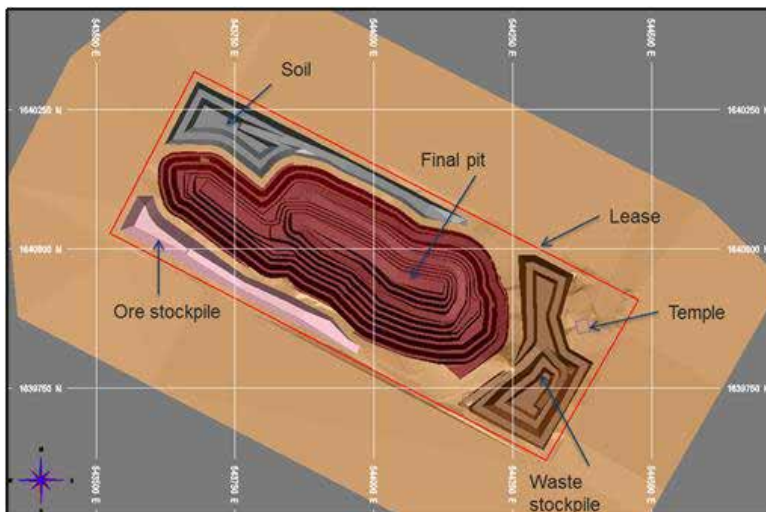


Fig-4 : Ganajur Open Pit Mine Layout.

## UP GRADATION OF MINERAL RESOURCES TO ORE RESERVES:

Snowden has estimated 2.14 million tonnes (Mt) @ 3.63 grams per tonne (g/t) gold as Proved Ore Reserves, and 0.37 Mt @ 1.98 g/t gold as Probable Ore Reserves for the Ganajur Main Gold Deposit (Table 2), thereby identifying the maiden mining inventory on the new Mineral Resource Estimates of August 2016. It is to be noted that out of 300,000 ozs of gold estimated under Measured and Indicated Resource categories, 273,000 ozs are now placed under Proved and Probable Ore Reserves; Measured Resource has been upgraded to Proved Ore Reserves, while Indicated Resource has been upgraded to Probable Ore Reserves. Proved Ore Reserves account for 85% of the total Ore Reserves, which is a significant milestone for Ganajur Gold Project.

Table 2- Summary of Ore Reserves

Classification	Deposit	Tonnes (Mt)	Au (g/t)
Proved Ore Reserve	Oxide	0.568	2.76
	Sulphide	1.567	3.94
Total Proved Ore Reserve		2.135	3.63
Probable Ore Reserve	Oxide	0.122	1.78
	Sulphide	0.250	2.08
Total Probable Ore Reserve		0.372	1.98
Total Ore Reserve		2.506	3.38

## FINANCIAL ANALYSIS:

The financial model demonstrates net cash flows of USD 133 million (M) before tax over the life of the mine (LOM). The Net Present Value (NPV) at 5% DCF is USD 91.6 M and USD 61.4 M before and after tax respectively. The Internal Rate of Return (IRR) is a very healthy 39.1% and 29.6% before and after tax respectively, and the payback period for the Project is 2.7 years. The gold price used for the above calculations is USD 1250 per ounce (oz).

The key inputs and the results of the financial analysis are presented in the following Tables 3 to 6.

Table 3- Economic model inputs

Item	Unit	Value
Pre-production	years	1.75
Life of process production	years	8.35

Project life	years	10.1
LOM ore mined	Kilo tones (kt)	2,506
LOM waste mined	kt	9,237
LOM total material mined	kt	11,743
Strip ratio Waste : Ore	3.68	
LOM ore processed	kt	2,506
LOM average Au grade	%	3.38
LOM average Au recovery sulphide ore	%	79.0
LOM average Au recovery oxide ore	%	90.0
LOM average gold recovery	%	81.7
LOM contained ounces	Kilo ounce (koz)	273
LOM recovered ounces	koz	221
Average annual gold produced	koz	27
Plant throughput (average)	Mtpa	0.30
LOM Au price	USD/oz	1,250

Table 4 - Summary of total Life of Mine costs

Item	Unit	Value
Pre-production capital	USD M	46.6
Production sustaining capital	USD M	3.1
Total Capital Costs	USD M	49.7
Total Mining	USD M	21.6
Total Processing	USD M	55.8
Onsite Labour	USD M	1.2
Total Operating Costs	USD M	78.5
Royalties	USD M	14.9
Taxation	USD M	39.8
TOTAL ALL COSTS	USD M	183.0

Table 5 - Economic model headline results before taxation

Item	Unit	Value at USD 1,250/ oz Au
Net cash flow	USD M	133.0
NPV5	USD M	91.6
IRR	%	39.1

Table 6 - Economic model headline results after taxation

Item	Unit	Value at USD 1,250/oz Au
Net cash flow	USD M	93.1
NPV5	USD M	61.4
IRR	%	29.6

## DECCAN GOLD MINES LIMITED

### Capital cost:

The total pre-production capital cost for the Project is USD 46.6 M. CPC Project Design Pty Ltd (CPC), Perth, completed the engineering design for the processing plant, related infrastructure and estimated the total capital cost for the Project. Summary of significant capital costs have been noted in the table below (Table 7).

Table 7 – Significant capital cost summary

Description	USD M
Mining	0.874
Process plant	19.028
Process plant infrastructure	5.043
Infrastructure plant and equipment	4.284
Construction indirects	2.153
Indirect costs	14.961

### Break Even:

A break even analysis after taxation was undertaken on the gold price and gold grade for NPV<sub>5</sub> (Table 8). The analysis shows that the Project breaks even at a gold price of USD 701/oz of gold and gold grade of 1.90 g/t as compared to the average gold grade of 3.4 g/t at Ganajur Main Gold deposit.

Table 8 - Break even analysis

Item	Unit	Breakeven
Gold price	USD/oz Au	701
Gold grade	g/t Au	1.90

### Tailings Storage Facility (TSF):

The Ganajur Gold Project infrastructure will include a TSF, a return water dam, storm dam and other surface water management measures (Fig-5). The TSF is proposed to be located immediately north of the Processing Plant. Prime Resources (Pty) Ltd, who specialize in environmental engineering and TSF design and are based in South Africa, issued a final recommendation for the selection of an upstream TSF design. The key criteria for the

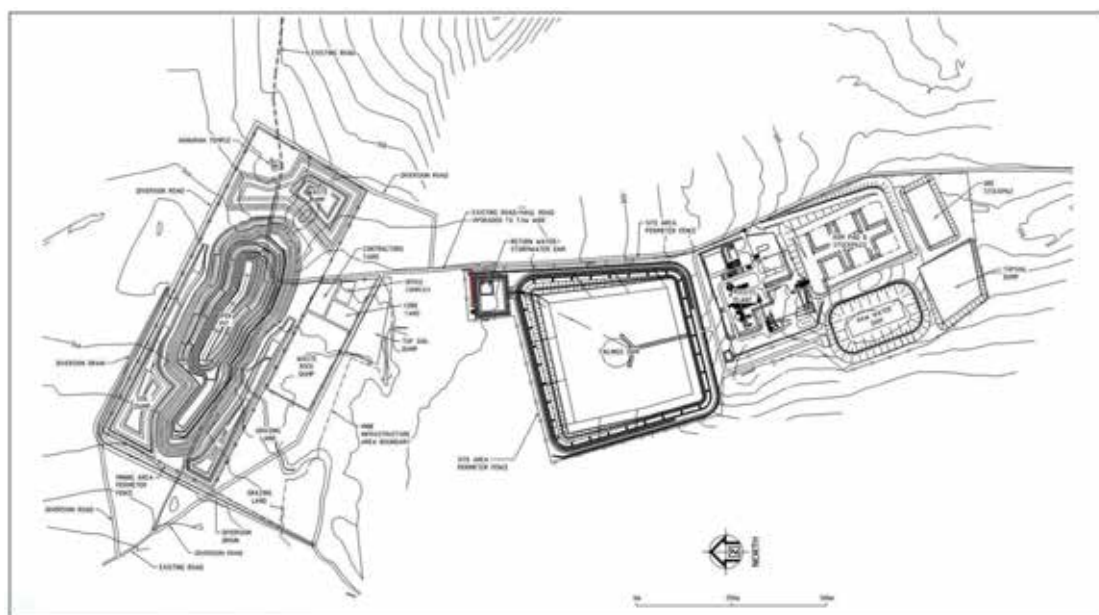


Fig-5 : Ganajur Gold Project- Plant Site & Mine Site Lay out

selection of the TSF construction and operation methodologies included a cost-effective solution, environmentally acceptable practices, maximum water conservation and minimum land use. The site selection was influenced by the required storage capacity and footprint, construction and development methods, local structural geology and topography, land ownership, rehabilitation requirements and existing significant surface infrastructures and features. In addition, detailed geo-mechanical laboratory testing and geotechnical investigations were undertaken in the infrastructure and TSF area that supported the TSF design criteria.

#### **Earlier Scoping study:**

The FS is a major improvement in terms of Project economics over the scoping studies completed by SRK in 2012 and demonstrates the potential for even better results. The total NPV post tax is 61.4 MUSD as against 37.39 projected by SRK. Similarly the breakeven gold price as per FS is 701 USD/oz as against 850 USD/oz estimated by SRK.

### **PROGRESS MADE ON THE INFRASTRUCTURE FRONT**

#### **Land Acquisition:**

The Karnataka State Government, through a Government Order (GO), approved on 28th April 2012 the allotment of 200 acres of land for the Ganajur Main Gold Mining and Ore Processing Plant that facilitated land acquisition process through Karnataka Industrial Areas Development Board (KIADB). DESPL had submitted an application to the KIADB on 25th March, 2013 and has also obtained the consent of more than 85% of land owners to comply with the land acquisition procedure.

KIADB processed the application for 200 acres of land and then issued a demand letter asking DESPL to remit 40% of the tentative land cost along with board charges. After payment of this deposit, KIADB will issue primary notification under Sections 3(1), 1(3) and 28(1) of the KIAD Act, 1966 to the Govt. in Commerce & Industries Department for approval.

The recent feasibility studies completed by Snowden recommended acquiring an additional 55 acres of land in the processing plant area and Tailings Storage facility. Thus as per the revised land use pattern of the various facilities of the Project, a total of 255 acres of land will be required. DESPL immediately applied for the additional 55 acres of land with the Karnataka Udyog Mitra on 27-7-2017. Our application was considered by the Land Audit Committee and the State Level Single Window Clearance Committee (SLSWCC) on 28-7-2017. **Our proposal for the allotment and acquisition of additional area of 55 acres (total 255 acres) through KIADB was approved by the SLSWCC vide Order No CI 146 SPI 2012m Dated 09-08-2017.**

#### **Water for Plant and Mine:**

It is proposed to pump water from the Varada River, which flows at a distance of 6.5 kms. north of the gold ore processing plant for its water requirement of the project. The Karnataka State High Level Clearance Committee (SHLCC) has approved the drawing of 3000 KLD of water from the Varada River for the Project from the Koluru-Kalasur barrage (Fig-6). The abandoned quarry near the process plant area will be part of the raw water storage facility. DESPL has since submitted a proposal to the Secretary, Water Resource Department, and Government of Karnataka in Bangalore for pumping around 1.08 million cubic meters ( $\text{mm}^3$ ) of water per annum. We have received a letter from the Water Investigation Department (WID), Dharwad, dated 4th April 2017, to submit a checklist along with our proposal and this has been submitted. Accordingly, the Assistant Executive Engineer completed the field inspection and forwarded the file to the Chief Engineer, Water Resources Development Organisation (WRDO), Bangalore on 30-06-2017. The file was sent Hydrology department for obtaining the quantity of water available at the proposed pumping station. Hydrology Department have forwarded their recommendation to the WRDO for further action.



Fig-6 : Koluru-Kalasuru Barrage



## DECCAN GOLD MINES LIMITED

### POWER FOR PLANT AND MINE:

The Karnataka Power Transmission Corporation Limited (KPTCL) approved our application for the drawing of 5MW on the 110 KV power line vide letter dated 01-02-2017 under self-execution scheme. The high tension (HT) 110 kilovolt-amperes (kVa) power will be tapped from Basavanakatti Sub-station located at a distance of 7.0 kms from the processing plant site. A work order was issued on 4th May 2017 to conduct the preliminary, detailed power line survey and also to obtain the KPTCL approval of the survey. In this connection, we appointed an electrical contractor authorized by KPTCL to undertake the preliminary survey, geotechnical investigation and prepare the feasibility report for the power line. The survey has been completed and the contractor has submitted the feasibility study report which was then forwarded to the KPTCL for further action.

Based on the feasibility report, a letter was received from Executive Engineer (Elect.) KPTCL Hubballi office on 17-07-2017 to remit the supervision charges for the preliminary survey and the same has been remitted on 19-07-2017. Awaiting further processing from KPTCL office.

### Railways:

DESPL has filed an application with the Divisional Railway Manager, South Western Railway (SWR), Mysore for obtaining permission for laying a water pipe line below Bengaluru-Pune Broad Gauge line on SW railway near Ganajur village. This water pipe will be for drawing water from Varada River to the Project site (Fig-7). The SWR authority completed the field verification and feasibility of our proposal. We also received a letter from SW railway, Mysore Divisional office advising us to remit ₹ 1.90 lakhs towards Way leave charges for 10 years. We have remitted the same on 4.9.2017.

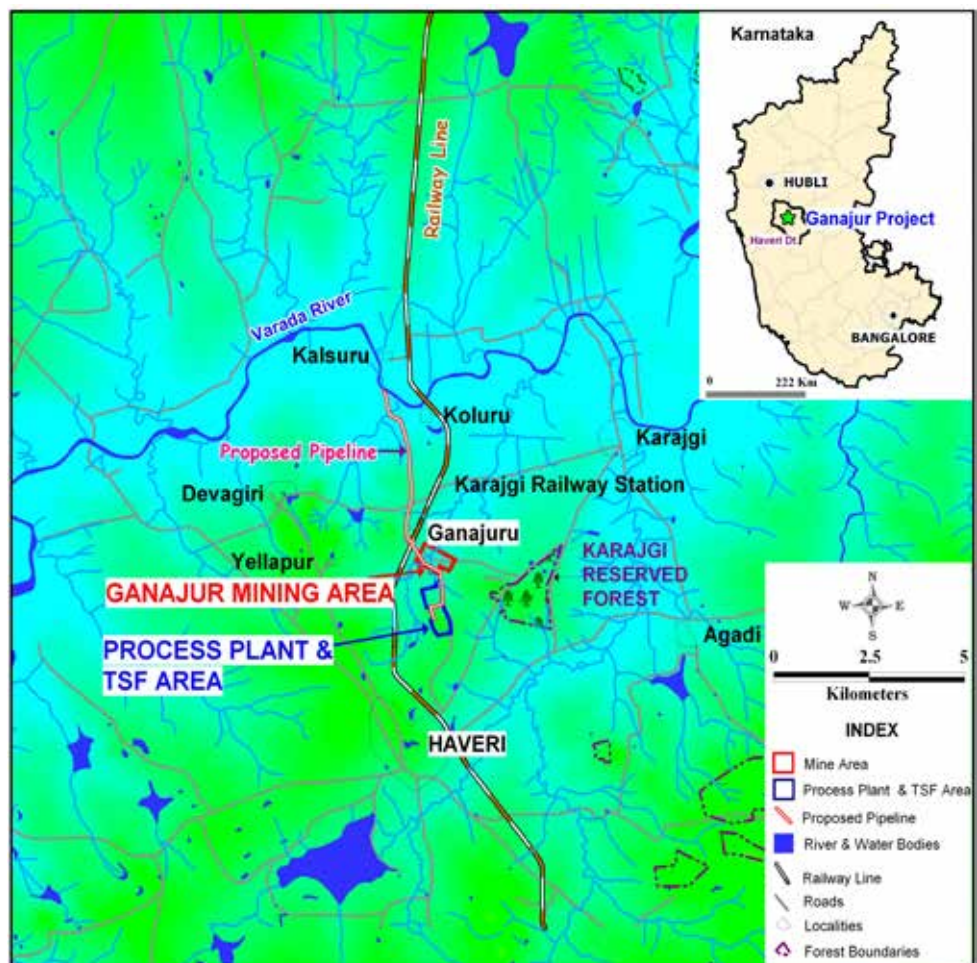


Fig-7 : Ganajur Gold Project Location, Haveri Taluk & District, Karnataka.

**Approval for Amendment to Terms of Reference by the Ministry of Environment and Forests (MOEF)**

It may be recalled that DESPL's application for TOR was granted for the project vide letter no. J-11011/03/2016-IA. II (I) Dated 07.04.2016.

The recent Feasibility studies by Snowden recommended certain modifications to the process design, flow sheet, tailing storage facility (TSF), water storage dam and ROM pad. The key criteria for the selection of the TSF construction and operation methodologies included a cost-effective solution, environmentally acceptable practices, maximum water conservation and minimum land use. Consequent to the new TSF design, the overall land footprint has increased from 38.45 Ha to 56.67 Ha to accommodate the above recommendations.

Due to the changes in the process flow sheet, TSF design and overall increase in land use we applied for an amendment of the TOR to the MOEF. We attended the Expert appraisal Committee (EAC) meeting called by the MOEF on 11th August 2017 at Delhi and presented our justification for the amendment. The EAC approved our proposal and our application for the amendment to the TOR. Now the MOEF has issued a revised TOR for 255 (56.67 Ha) acres.

The draft EIA/EMP report is being finalized and would be submitted to the Karnataka State Pollution Control Board before conducting the Public Hearing.

**Discussion with Engineering Companies:**

DGML has held several rounds of discussion with a number of Engineering companies for EPC (Engineering, Procurement and Construction) contract for the construction and commissioning of the processing plant and related infrastructure. Awarding the contract is an elaborate process which begins with invitation for Tender from potential contractors.

Similarly the company is also in talks with many reputed mining contractors for undertaking the mining operation at Ganajur Main ML. Discussions are already being held with contractors for erection of power lines and also with contractors for laying water pipes from Varada River to the raw storage tank and for installation of jack well near the river.

**EXPLORATION REPORT:****GANAJUR MAIN GOLD DEPOSIT & ITS SATELLITE PROSPECTS IN THE GANAJUR – KARAJGI CLUSTER**

DESPL has been exploring the Ganajur-Karajgi Block since the RP was granted in 2004. Exploration was carried out under different phases as per international norms. The discovery of an open pit mineable resource in Ganajur Main has been one of the significant achievements for the company. Apart from Ganajur Main Deposit, DESPL has been successful in delineating seven satellite prospects viz., Ganajur East, Ganajur South, Ganajur South East, Ganajur Central, Karajgi Main, Karajgi East and Hut prospects (Fig-8). DESPL has submitted a Mining Lease application covering all the satellite prospects over an area of 2.8 sq.kms. Ganajur Main ML application (0.29 sq.kms) has already received approval from the MoM and we are awaiting the grant notification from the Karnataka State Government. DESPL has also submitted another Prospecting Licence over an area of 8.0 sq.kms around the two ML areas.

Please refer to Status of Applications for an update on application for other prospects (Fig-9). The complete summary of the work carried out between years 2009 and 2016 in the Ganajur-Karajgi Block is given hereunder in Table-9:

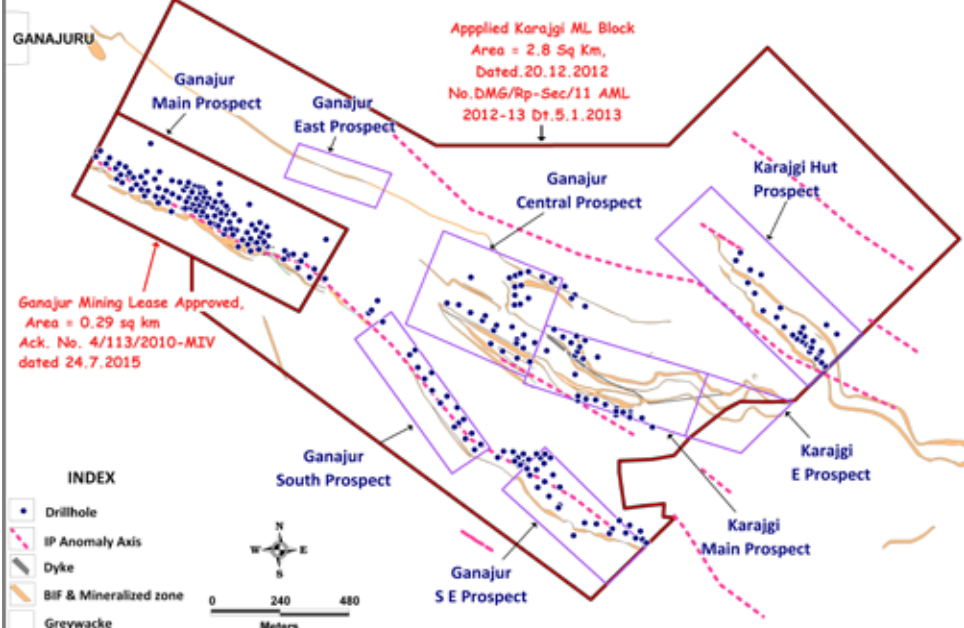


Fig-8 : Ganajur-Karajgi Cluster showing the satellite prospects

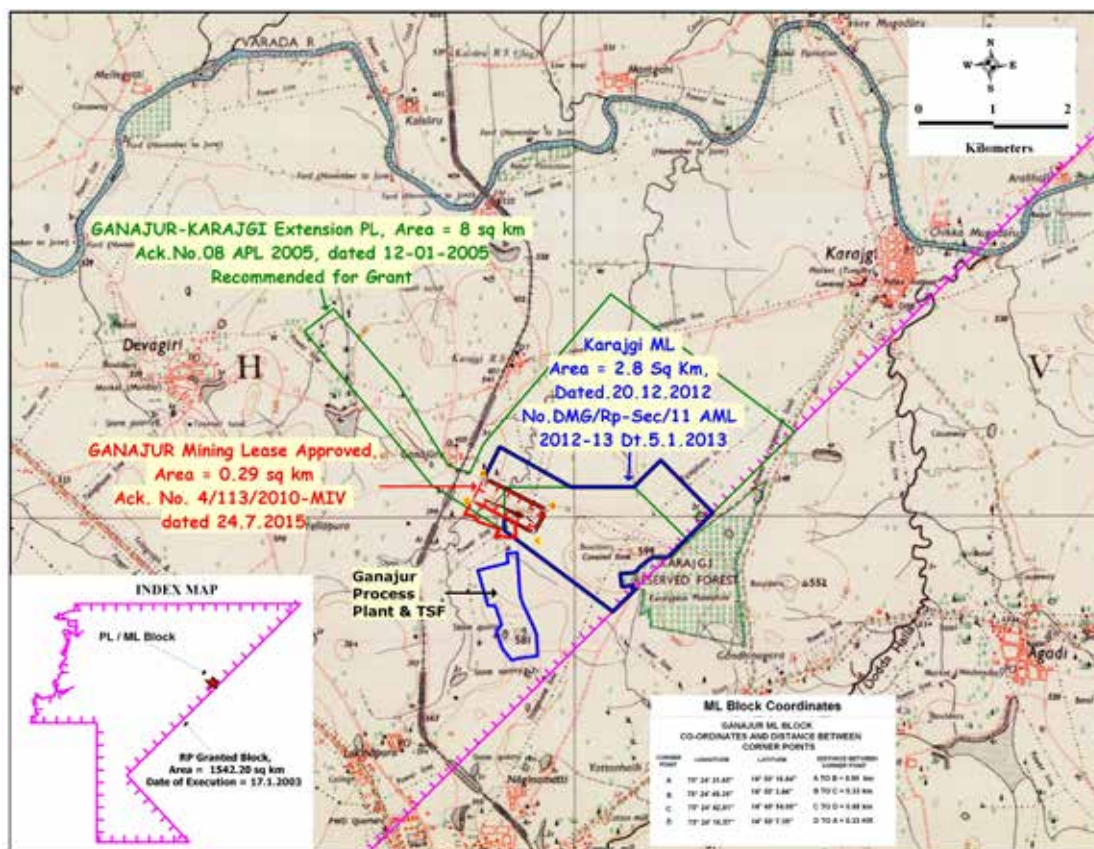


Fig-9 : Ganajur-Karaigi Cluster showing the Ganajur M.L. and other lease applications.



Table - 9

**SUMMARY OF EXPLORATION WORK CARRIED OUT IN GANAJUR-KARAJGI BLOCK**

SL NO	TYPE OF EXPLORATION	UNIT	QUANTUM	
1	Topographic Survey	Sq. Kms	2.2	
2	Geological Mapping (1: 2000 and 1:5000 Scale)	Sq. Kms	2.2	
3	Ground Geophysical Magnetic Survey	Line Kms	288	
4	Ground Geophysical SP-Resistivity Survey	Line Kms	24.83	
5	Ground Geophysical IP Survey	Line Kms	31.25	
6	Ground Geophysical EM Survey	Line Kms	9	
7	Trenching	Length (M)	2838.8	
8	Sampling and Analysis	Nos	6426	
9	Drilling			
	A. RC Drilling (69 Drill Holes)	Metres	3861.00	
	B. Diamond Core Drilling (143 Drill Holes)	Metres	10300.48	
	C. Geotechnical Drilling (Mine and Plant Site (7 Drill Holes)	Metres	393.00	
	TOTAL DRILLING	Metres	14554.48	
10	Comprehensive Metallurgical and Geochemical Testing Conducted for Ganajur Gold Mining Project			
	A} Comprehensive Metllurgical Studies (Ammtec) Sulphide Ore	Kgs	200.000	Completed
	B} Comprehensive Metllurgical Studies (Ammtec) Oxide Ore	Kgs	102.806	Completed
	C} Sulphide Variability Samples	Kgs	252.757	Completed
	D} Oxide Ore Metallurgical Test	Kgs	31.708	Completed
	TOTAL	Kgs	587.271	
	E} ARD Study (Acid Rock Drainage, sulphur and leach studies)	Samples	31	Completed
	F} Preg Robbing Index Test	Samples	82	Completed
	G} Multi-Element Analysis	Samples	214	Completed
	H} Waste Rock Analysis	Samples	43	Completed
	I} Kinetic Test Study of Waste Rock at Geostratum, South Africa	Samples	3	Completed
11	Environmental Base Line Data Collection Air, Dustfall, Noise, Water, Soil	Samples	207	Completed
12	Water Chemistry Sampling	Samples	38	Completed
13	Geotechnical Studies-Mine and Process Plant, TSF Area			Completed
14	Scoping/Pre-Feasibility Studies by SRK India			Completed
15	Feasibility Studies of Ganajur Project by Snowden Mining Industry Consultants Pty Ltd., Australia			Completed
16	Land Acquisition			In Process

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During the last year, DESPL carried out limited drilling for testing IP anomaly at depth (Fig-10 and 12), Geotechnical Drilling in Ganajur Main ML and Gold Ore processing plant areas, continuous monitoring of Ground Water Level Study work in the core and buffer zone of Ganajur Gold Mining Project for updating of Ground Water Modeling data, channel and bedrock sampling work in Ganajur Central Prospect of Ganajur-Karajgi Cluster and compilation of all the exploration data for each prospect and preparation of prospect scale geological maps.

Ganajur Main Gold deposit was explored in detail and mineable ore reserves have been established as per JORC 2012 guidelines. Ganajur Main Deposit is part of the larger hydrothermal system that includes all other satellite prospects. A mineralized zone of 900 metres strike length has been defined upto a depth of 120 metres. Due to constraints in size of the ML area (0.29 sqkms) it is difficult to explore the strike extension of the Ganajur Main mineralization.

However DESPL has also lodged another ML application over an area of 2.8 sq.kms covering the satellite prospects. The exploration during PL has resulted in defining drilled resources in Karajgi Main and Ganajur SE Prospects and so there is definite need for undertaking extensive drilling in the applied ML area in order to find more resources.

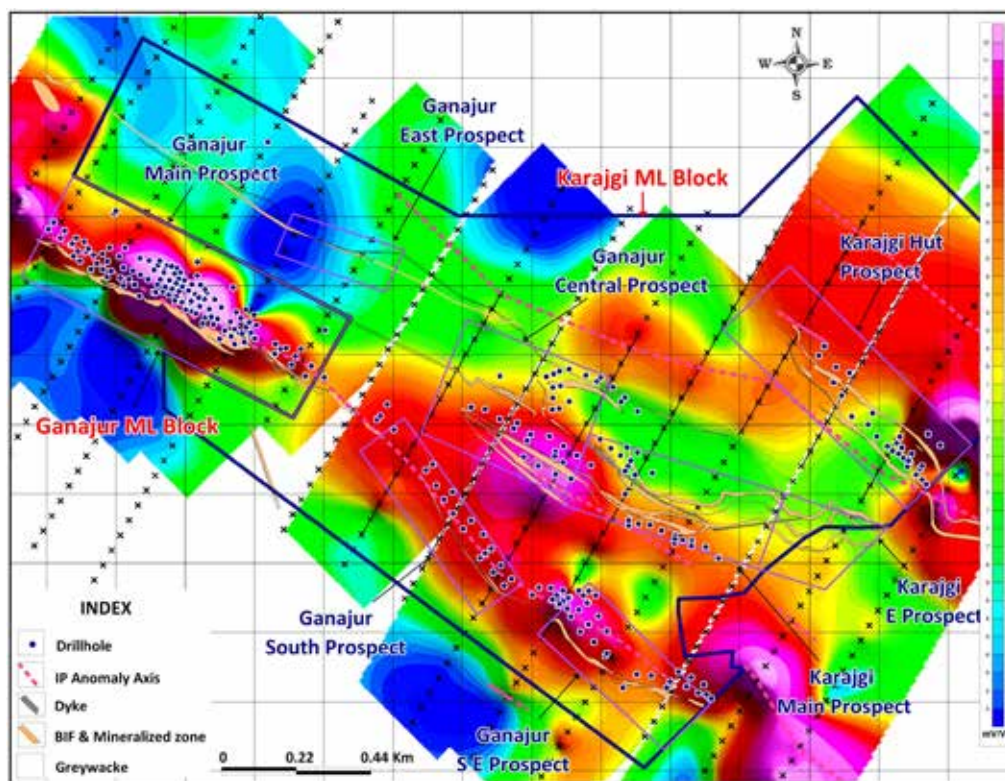


Fig-10 : Geological map of Ganajur-Karajgi Cluster showing the IP anomalies and IP depth slice@50m-a50

### DEEP DRILLING FOR TESTING IP ANOMALY:

The geophysical survey with a combination of Transient Electromagnetic Survey (TEM) and Induced Polarization (IP) survey was used to delineate conductive zones and also to locate geological structures favorable for hosting gold mineralization in the entire Ganajur –Karajgi Block. DESPL completed an initial 17.4 line kms of IP survey that defined a major resistive feature in the southern half of the survey area. The IP survey has also clearly brought out a 2.8 km long, strong linear Chargeability anomaly (Fig-10) with high resistivity background, which encloses the 900 metre long Ganajur Main Gold Deposit. The 2D Inversion model also indicates that the Ganajur Main ore body and its extension may continue beyond 150metre depth (Fig-11). DESPL through DMT Consulting (P) Ltd carried out 13.85 line kms of additional IP geophysical survey covering all the known prospects.

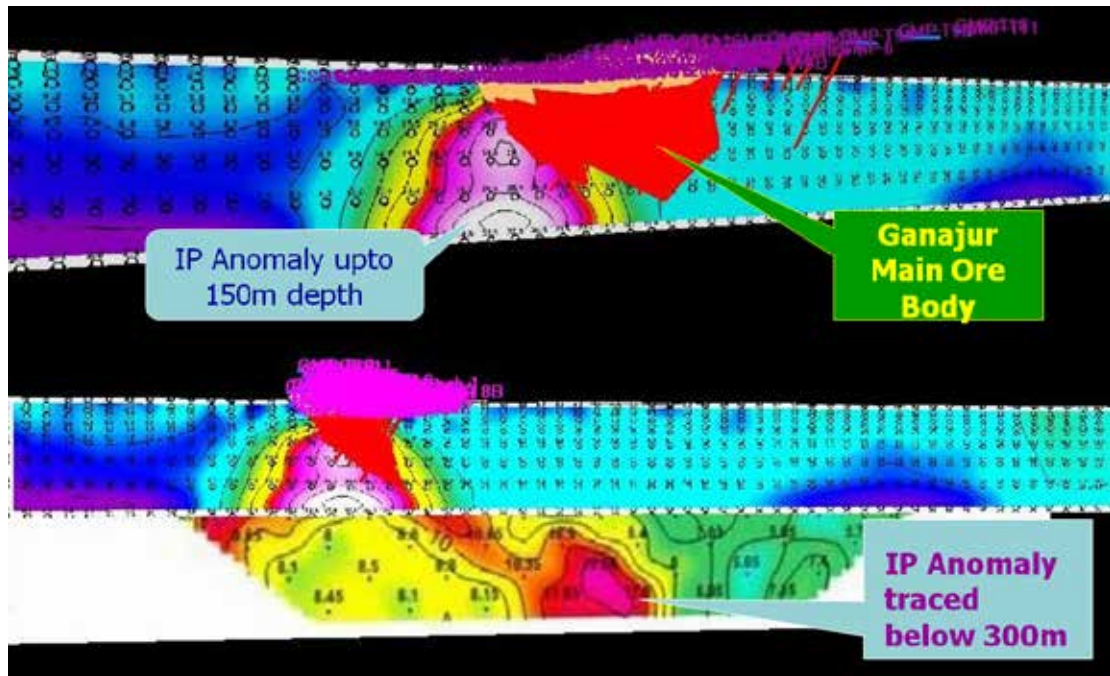


Fig -11 : Ganajur Main Ore body and deep-seated IP chargeability anomaly

IP survey results have indicated that gold mineralization in the Ganajur-Karajgi Block has one to one correlation with the Geophysical IP anomalies. To test the results of Geophysical survey, DESPL carried out a limited diamond core drilling in the Ganajur-Karajgi Block which included 3 deep holes in the Ganajur Main deposit; 2 holes at Karajgi Main Prospect and one in the Ganajur South East Prospect.

Exploratory drilling for testing the deep seated IP anomaly in Ganajur Main Prospect was quite positive (Fig-12). All the drill holes passed through the gold-bearing rock indicating the depth-ward extension of Ganajur Main Ore body. Best drill intersection Include 1.5m @ 0.60 to 4.39 g/t and 2m @ 0.22 to 2.52 g/t of Au.

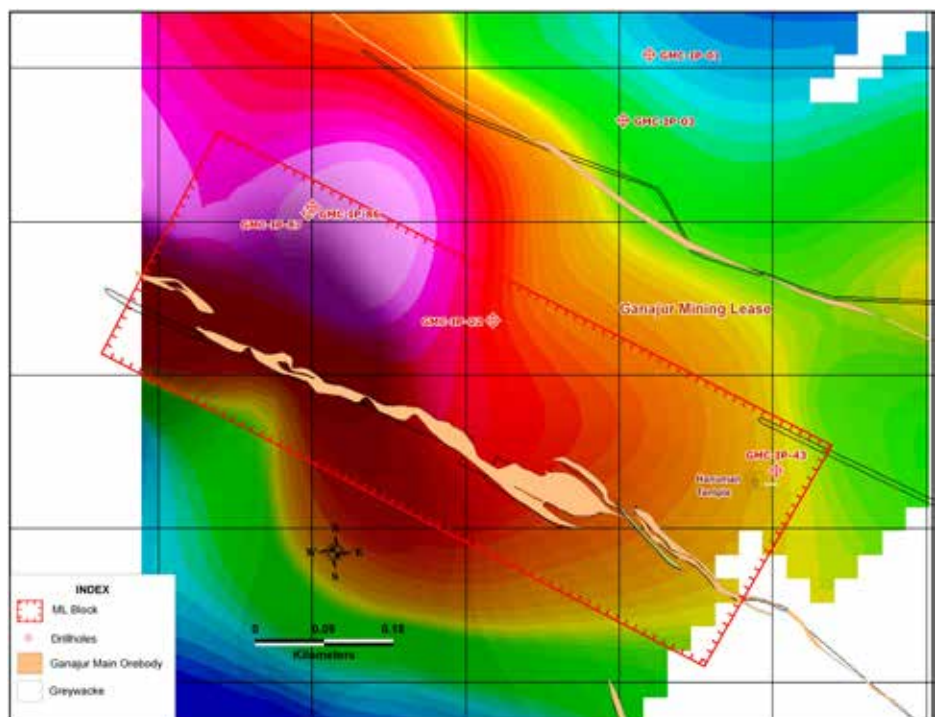


Fig-12 : Geological map of Ganajur ML Showing locations of Deep IP Drill holes.



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### GEOTECHNICAL DRILLING

Four Geotechnical drill holes comprising 348 meters were drilled in the Ganajur Main Gold deposit for detailed geotechnical studies for open pit mine. Three geotechnical drill holes comprising 45 meters were drilled in plant location, waste rock dump and tailings dam area.

**Note:** Due to delays in the grant of mineral concessions, very limited or no additional work was undertaken during the period under review for the following Projects viz., Ganajur South East Prospect, Karajgi Hut Prospect, Karajgi Main Prospect, Ganajur South, Ganajur Central, Mangalagatti and Bhavihal. Hence, the information that was provided in the last year's Annual Report in respect of these Prospects is given hereunder:

### GANAJUR SOUTH EAST PROSPECT:

Ganajur southeast prospect is located 1.2 km SE of Ganajur Main prospect. The mineralized body is a gossanous banded sulphidic chert hosted by greywacke & traversed by fine stringers of quartz-carbonate veins and is considered as the southeastern extension of Ganajur Main Gold Deposit. The prospect was discovered during exploration under an RP that was further confirmed by detailed trenching and drilling during the PL stage. Exploration under the RP and PL stage also defined gold mineralized zone for a length of 455 meters. Significant intersections were obtained that included gold value of 6.23 g/t over 15.0m width in one of the drill holes. Follow up geophysical IP survey had indicated a continuous high to moderate chargeability anomaly extending for nearly 2.8 kms that included Ganajur SE prospect.

Encouraged by these findings a close spaced diamond core drilling programme was carried out under PL. The drilling was in accordance with the international best practices and QA/QC procedures. Most of the drill holes intersected sulphidic chert band showing significant gold values. DESPL estimated a resource of 35000 ozs of gold that could be classified as indicated as per JORC standards (Subject to validation by an Independent Competent person).

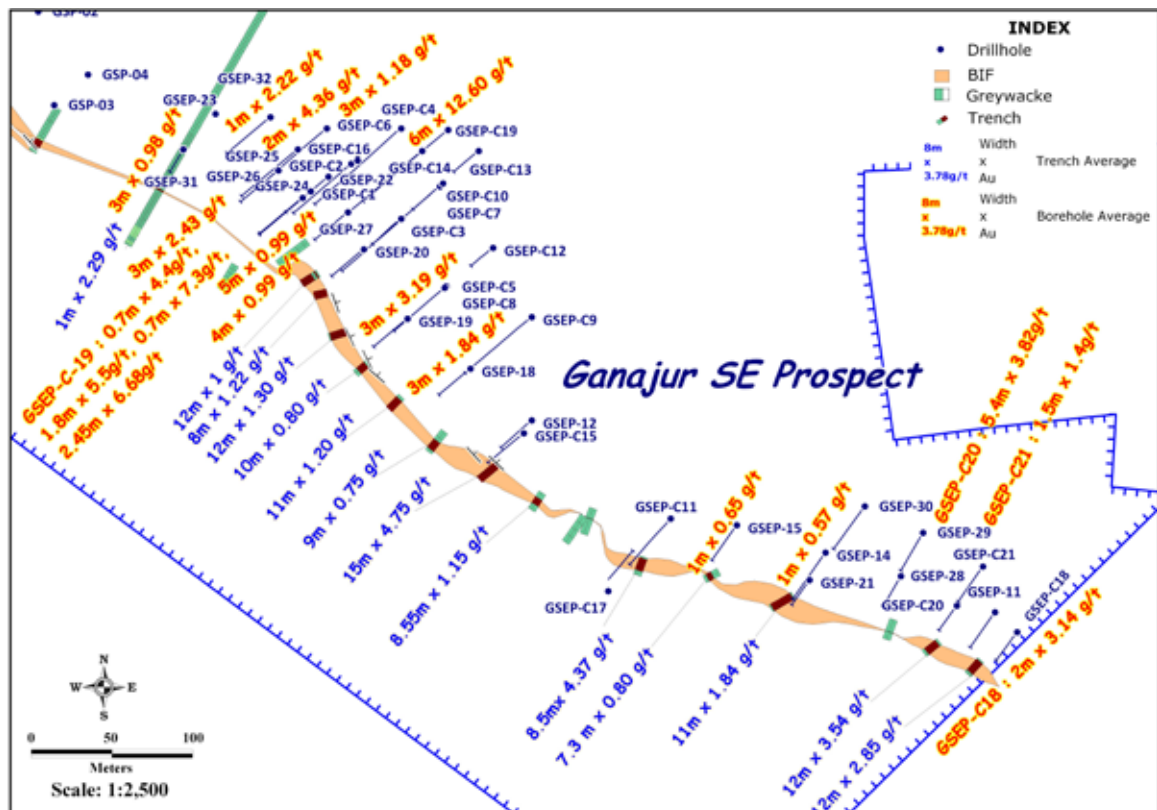


Fig-13 : Geological Map of Ganajur SE Prospect with drill hole locations and trenches.

The outcome of the preliminary exploration in Ganajur SE Prospect has confirmed our interpretation of finding additional gold Resources in the satellite prospects surrounding the Ganajur Main Gold Deposit.

DESPL has so far completed 2480 metres of drilling in Ganajur SE prospect along with with trenching, geochemical exploration. A mineralised zone of 600 metres has been delineated based on the above exploration. Mineralised zone exhibits pinch and swell structure and has similar characteristics as Ganajur Main prospect. Updated Geological map of Ganajur SE Prospect is shown in Fig-13.

### KARAJGI HUT PROSPECT:

The Karajgi Hut prospect is located around 600m NE of Karajgi Main prospect (Fig-14). Geological mapping under PL tenure indicated presence of two parallel BIF bands with a cumulative strike length of 530 meters.

Detailed review and critical analysis of the existing geological, structural and Geophysical data of Karajgi Hut prospect revealed favorable signature for hosting gold mineralization.

Based on the interpretation of the exploration data DESPL completed 816.80 m of diamond core drilling from 16 shallow drill holes and 351 metres of RC drilling. Results of drilling are furnished in Table-10.

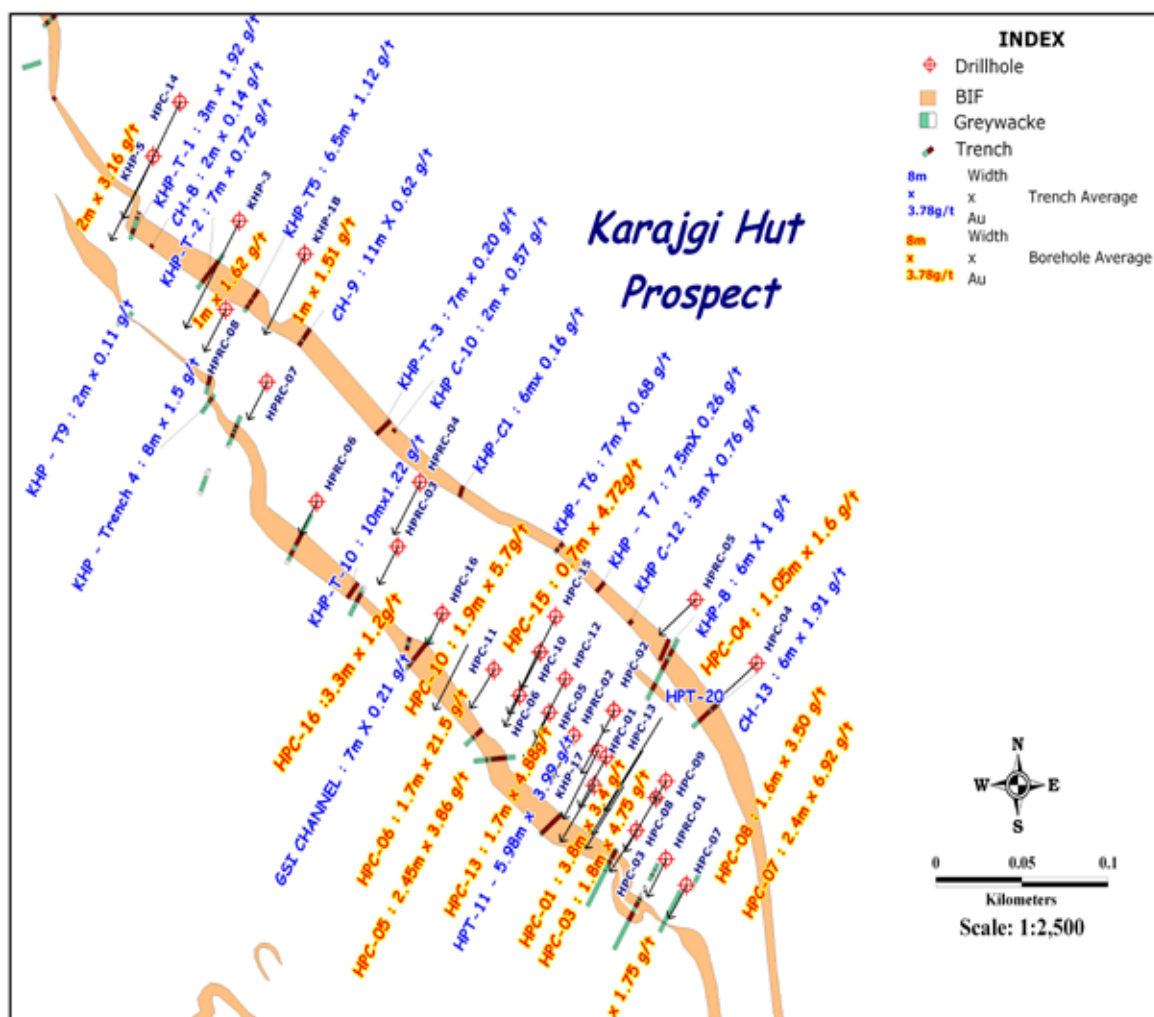


Fig-14 : Geological Map of Karajgi Hut Prospect showing drill holes and Trench Locations.

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Table-10: DETAILS OF DRILL HOLE WITH GOLD VALUES - KARAJGI HUT PROSPECT

DRILL HOLE	FROM (M)	TO (M)	WIDTH (m)	GRADE Au (g/t)	HIGHEST Au (g/t)
HPC-01	22.7	26.5	3.8	3.4	6.73
HPC-02	48.2	52	3.8	1.75	3.9
HPC-03	28.2	30	1.8	4.75	8.39
HPC-04	31.4	32.45	1.05	1.6	3.4
HPC-05	29.15	31.6	2.45	3.86	14.6
HPC-06	26.8	28.3	1.7	21.5	41.3
HPC-07	21.1	23.5	2.4	6.92	17.9
HPC-08	31.2	32.8	1.6	3.5	7.3
HPC-10	41	42.9	1.9	5.7	14.9
HPC-13	33.5	35.2	1.7	4.88	10
HPC-15	58.6	59.3	0.7	4.72	5
HPC-16	21.2	25.5	3.3	1.2	4.7

Based on the exploration data a mineralised zone of 300 meters of strike length was delineated which is open along the strike and depth. The drill results of Karajgi Hut Prospect are very promising with high grade gold mineralization. The mineralized zone is narrow with a maximum width of 3.8 meters. The ore from this can act as sweetener for the Ganajur Main ore in the processing plant. The Geological map of Karajgi Hut prospect is shown in Fig-14.

### KARAJGI MAIN PROSPECT

Karajgi Main is located 1 km South East of Ganajur Main Prospect (Fig-15). It is rated by DGML as an important prospect in the PL block. Karajgi Main comprises of a southern auriferous BIF and two sulphidic chert bands towards the northern slope area designated as A and B with significant grade and width. DESPL estimated an inferred

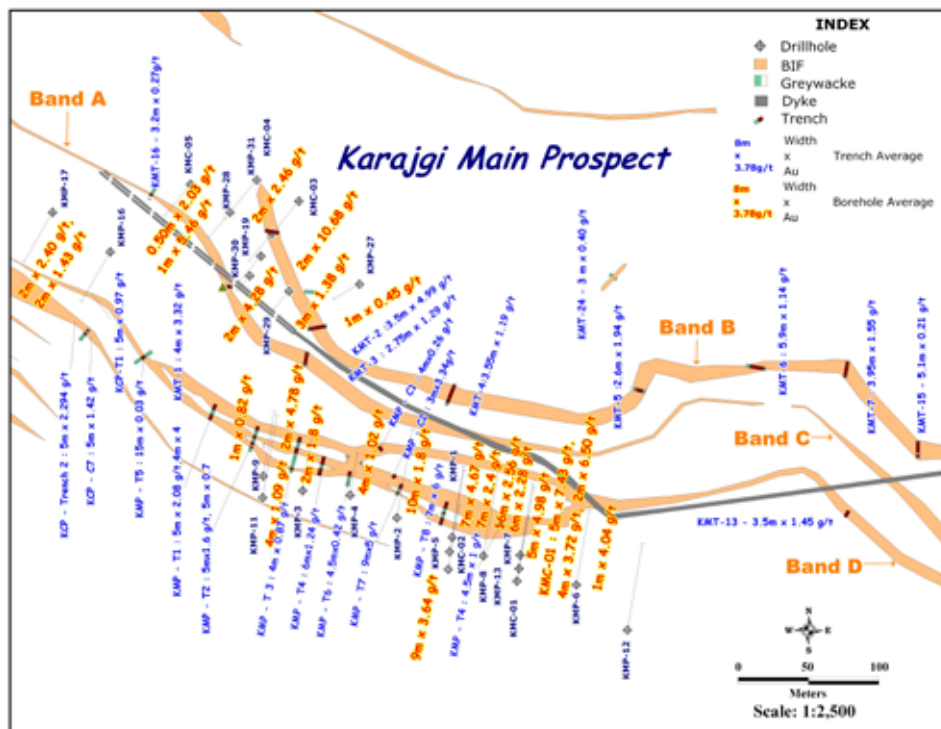


Fig-15 : Geological map of Karajgi Main Prospect showing the drill hole locations.

resource of 90000 tonnes averaging 2.3 g/t Au based on the initial information obtained through RC drilling during the RP tenure. Number of old workings are noticed all along these chert bands. The gold mineralization in the Karajgi Main Prospect is associated with a deformed iron formation. The initial drilling during RP and PL revealed high grade gold intersections in many of the drill holes. Apart from this, significant IP geophysical signatures were observed over this prospect indicating potentiality of the same.

DESPL carried out an initial diamond core drilling to test the IP geophysical anomaly and also to understand structural controls of gold mineralization. One of the drill holes KMC-01 intersected two significant zones of gold mineralization. The first one is 5.0 m thick which passed through between 45.50 to 50.50m averaging 7.43 g/t. gold including a high value of 33.60 g/t. The second zone is 9.0 m thick and was encountered between 71.1 and 80.1m averaging 3.19 g/t gold. The results from Karajgi Main Prospect have confirmed the existence of high grade gold bearing zones and distinct possibility of finding additional resources. Total drilling accomplished in Karajgi Main so far is 1638 metres.

DESPL compiled all the data generated under RP and PL stages in Karajgi Main prospect and a 3D resource model was generated.

A total of 3 auriferous zones were defined trending northwest and dipping towards northeast (Fig-16). Zone-1 and 2 with cumulative strike length of 360 metres with steep dips towards NE are the two branches that constitute the Karajgi main mineralised zone. Zone-3 with a strike length of 140 metres is on the northern slope of the Karajgi Main hill that is correlated to Band-A.

Based on these data DESPL re-estimated a resource of 26800 ozs averaging 3.06 g/t Au under JORC Indicated and Inferred categories equivalent of UNFC 211 and 221 categories. The resource was estimated up to a vertical depth of 80 metres. The true thickness of the ore body varies between 1.45 to 9.0 metres.

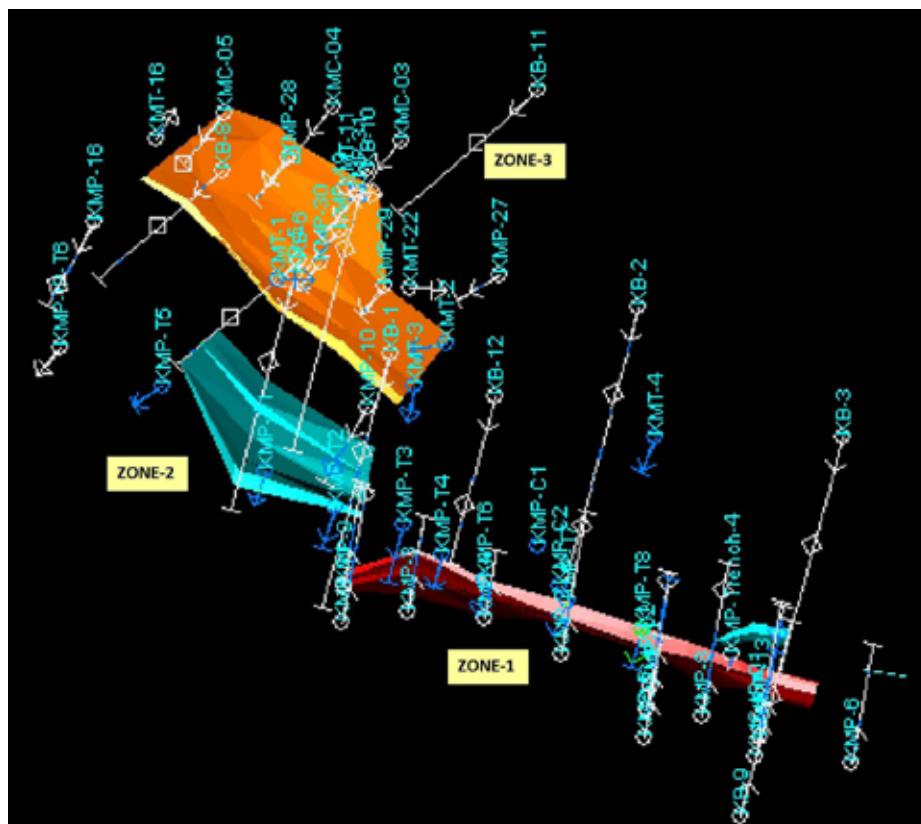


Fig-16 : Plan View of the Karajgi Main Ore body

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### GANAJUR SOUTH PROSPECT

Ganajur South Prospect is located between Ganajur Main and Ganajur SE Prospect. Based on the preliminary mapping and sampling an area consisting of 850 meters strike was delineated as potential target for detailed exploration.

IP geophysical data revealed a linear like intrusive structure with high resistivity and chargeability IP anomaly towards south east of the Ganajur Main Prospect. This anomaly coincides with the Ganajur South and South East Prospects. DESPL completed 424 meters of diamond core from 8 bore holes and 436 meters of RC drilling from 12 drill holes, in order to explore the IP anomalies. All the holes were targeted for intersecting mineralization at shallow depths. Two of the drill holes intersected mineralized chert analysing 5.67 g/t Au over 2.5 metres and 2.23 g/t over 2.0 meters width. Rest of the drill holes did not yield significant gold values in spite of intersecting the sulphidic chert bands.

### GANAJUR CENTRAL PROSPECT:

Ganajur Central Prospect is located north west and north of Karajgi Main prospect and covers an area of 0.16 sq.kms. Central Prospect comprises of several Parallel to sub-parallel BIF bands which are considered as limbs of a larger folded structure. These limbs have been designated as E1, E2, F, G and H bands. Cumulative strike length of all the bands is 2.6 kms, DESPL has carried systematic exploration in this prospect that included Litho-structural mapping, trenching, channel sampling, bedrock geochemical sampling, R.C. and Diamond core drilling, ground geophysical survey etc. Summary of work carried out in this prospect under different phases is furnished in Table-11.

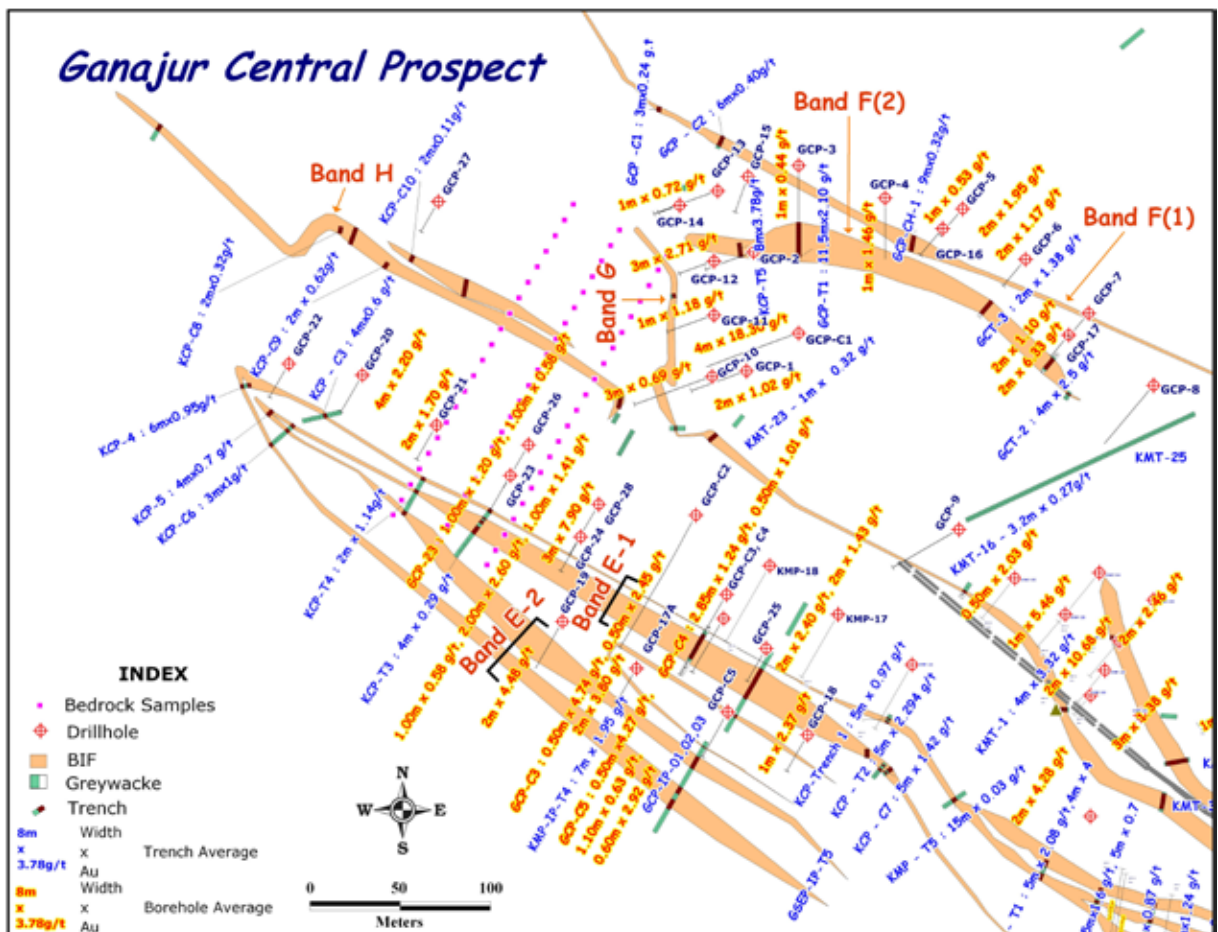


Fig -17: Geological map of the Ganajur Central prospect



Table-11: Summary of Exploration Works carried out in Ganajur Central Prospect.

SI No	Type of Exploration	Unit	Quantum
1	Topographic Survey	Sq.Kms	0.1632
2	Geological Mapping (1:2000 and 1:5000 Scale)	Sq.Kms	0.1632
3	Ground Geophysical SP-Resistivity Survey	Meters	710m (6 Lines)
4	Ground Geophysical IP Survey (G-K PL Block)	Line Kms	31.25
5	Ground Geophysical EM Survey (G-K PL Block)	Line Kms	9
6	Trenching	Length (m)	590.60
7	Sampling and Analysis	No's	804
8	Total Drilling	Meters	1626.80
	A. RC Drilling (29 Drill Holes)	Meters	1230.00
	B. Diamond Core Drilling (5 Drill Holes)	Meters	396.80

Table-12: Details of Au mineralization intersected in the drill holes-Ganajur Central Prospect

BHID	From (m)	To (m)	Width (m)	Average Grade Au (g/t)	Highest Au Value (g/t)	Band ID
GCP-1	0.00	3.00	3.00	1.59	2.37	G
GCP-1	33.00	37.00	4.00	18.31	32.87	G
GCP-2	31.00	33.00	2.00	3.92	5.69	G
GCP-4	36.00	37.00	1.00	1.46	1.46	F
GCP-4	45.00	46.00	1.00	1.17	1.17	F
GCP-7	12.00	14.00	2.00	6.33	10.90	F
GCP-7	18.00	19.00	1.00	1.81	1.81	F
GCP-10	31.00	33.00	2.00	1.02	1.12	G
GCP-11	21.00	22.00	1.00	1.18	1.18	G
GCP-16	5.00	7.00	2.00	1.95	2.08	F
GCP-16	14.00	16.00	2.00	1.27	1.90	F
GCP-17	17.00	19.00	2.00	1.11	1.23	F
GCP-17A	32.00	34.00	2.00	3.80	6.75	E2
GCP-18	19.00	20.00	1.00	2.37	2.37	E2
GCP-19	13.00	15.00	2.00	4.48	5.63	E2
GCP-20	20.00	24.00	4.00	2.24	4.12	E1
GCP-21	16.00	18.00	2.00	1.70	2.33	E1
GCP-24	15.00	17.00	2.00	2.60	4.48	E1
GCP-24	34.00	35.00	1.00	1.41	1.41	E1
GCP-28	29.00	32.00	3.00	7.90	11.59	E1
GCP-C1	44.60	46.10	1.50	1.37	2.47	G
GCP-C3	59.60	60.10	0.50	4.74	4.74	F
GCP-C3	60.60	61.10	0.50	2.45	2.45	F
GCP-C4	38.40	41.25	2.85	1.24	1.98	F
GCP-C4	42.00	42.50	0.50	1.01	1.01	F
GCP-C5	26.50	27.00	0.50	4.27	4.27	E2
GCP-C5	36.80	37.40	0.60	2.92	2.92	E2

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The area between Ganajur Central and Ganajur Main Prospects is generally soil covered with limited outcrops. IP Geophysical survey has revealed a moderate chargeability anomaly in this gap area. DESPL completed soil sampling, channel sampling and detailed geological mapping in the area to explore the presence of concealed gold bearing sulphidic chert bands. Two Channels covering 13.8 meters were exposed and a total of 18 samples were collected and analysed for gold. Samples analysed few anomalous gold values upto 1.99 g/t. Sixty bedrock geochemical samples were also collected along two profiles for multi-element geochemical analysis. Results are awaited. Updated geological map of Ganajur Central Prospect is shown in Fig-17. Table-12 showing the BH meterage and Average and highest Au assay in Ganajur Central Prospect.

### DHARWAR CLUSTER

DESPL explored a total of 3450 sq.kms under Dharwar RP to identify gold bearing prospects Mangalagatti and Bhavihal prospects are located 12 to 20 kms north of Dharwar city. They form part of the 'Dharwar Cluster' of gold bearing sulphidic chert bands. The Dharwar cluster comprises of Mangalagatti SE, Mangalagatti Main, East and Bhavihal prospects. All these are considered as highly potential like the Ganajur-Karajgi cluster near Haveri.

### MANGALAGATTI PROSPECT:

Initial exploration during the RP tenure in the Mangalagatti SE prospect by RC drilling and channel sampling had revealed significant gold mineralization. Gold mineralization is hosted by south-easterly plunging folded banded iron formation. Two auriferous zones extending for nearly 500 meters over a width of 30 meters were defined. An ancient working and adjacent pounding marks indicates ancient mining activity in the area.

An inferred resource of 1.5 million tonnes@ 1.63 g/t Au was estimated based upon results of shallow RC drilling programme. After the successful exploration by geophysical methods in the Ganajur-Karajgi PL block, DESPL conducted Induced Polarization (IP) survey in the PL block to investigate the existence of possible mineralised zones in addition to those already explored. The IP survey was carried out on 12 lines by dipole-dipole configuration at 50 to 100 m dipole spacing involving 19.7 line kms.

The results of the IP survey revealed a 300 to 400 meters wide broad based chargeability anomaly suggesting that the mineralization is controlled by a folded structure. More interestingly the IP anomaly has been traced all along for a distance of 2.0 kms and the anomaly is still open (Fig-18).

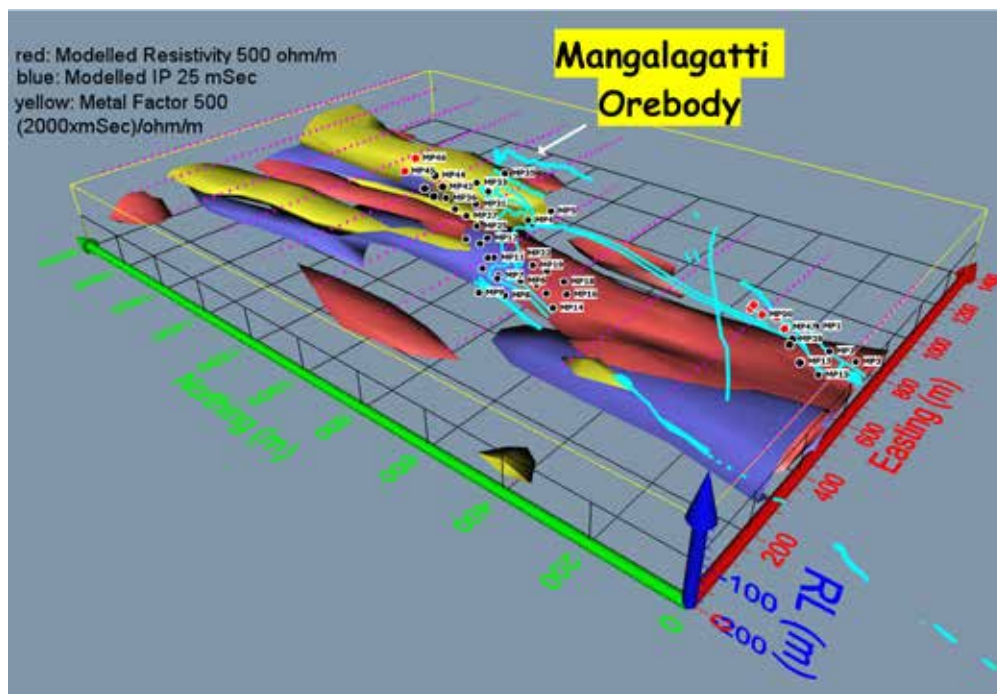


Fig-18 : Mangalagatti 3D IP Geophysical Model

DESPL also tested the depth extension of the IP anomaly by carrying out the survey at larger dipole separation. The survey indicates that the IP anomaly continue to greater depths below 200 meters with sharp increase in the intensity of the anomaly.

These results are very positive and warrants detailed exploration by drilling. DESPL will launch resource drilling in Mangalagatti prospect and its adjacent targets once the PL is executed. DESPL has proposed to drill around 5000 meters of diamond core/RC drilling in the PL Block.

Please refer to “Status of Applications” for an update on the Mangalagatti PL application.

### BHAVIHAL PROSPECT:

It is located at a distance of 8 kms NW of Mangalagatti prospect. Preliminary channel sampling followed by RC drilling during the RP tenure had clearly brought out surface expression of a wide ore body hosted in cherty BIF. The limited RC drilling was also intended to examine open pit resource similar to Mangalagatti SE prospect. As a result of this preliminary investigation an area of 400 meters of mineralization was delineated and an inferred resource of 74,000 oz of Au was estimated averaging 1.76 g/t. A preliminary IP survey was initiated on 3 lines to understand the IP signature. It is very encouraging to note that all the three lines have brought out two moderate chargeability anomalies with co-incident resistivity highs. With this positive information, it is planned to go ahead with additional IP survey to explore the depth and strike continuity of the mineralization. DESPL is pursuing this PL application vigorously.

Please refer to “Status of Applications” for an update on the Bhavihal PL application.

### HUTTI – MASKI BELT PROJECTS

Hutti-Maski Greenstone belt is one of the most important Archaean gold bearing belts in India. The Hutti-Maski belt hosts world class Hutti Gold deposit that is being mined by The Hutti Gold Mines Limited. DESPL has carried out exploration over an area 851 sq. km in the Hutti Belt, which has resulted in identifying 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-19)

Our shareholders are aware that DESPL is contesting the Order passed by the Hon'ble High Court of Karnataka in the month of April, 2012 favouring Hutti Gold Mines Limited (HGML) regarding the Hutti Belt projects. A Special Leave Petition (SLP) was lodged in the Hon'ble Supreme Court of India, which was admitted in the month of July, 2012. While admitting the SLP, the Hon'ble Supreme Court has also observed that the final decision on the grant of the PL's over Hutti Belt, to be made by the Central Government, shall be subject to the outcome of the present SLP.

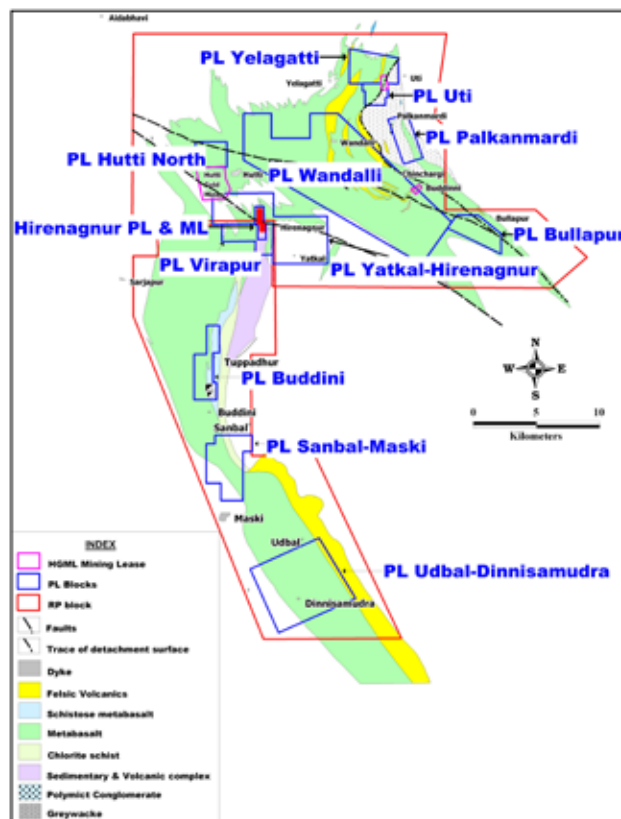


Fig-19: Geological map of Hutti-Maski Greenstone Belt showing DESPL's key gold prospects and applied tenements.

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### REVISION PETITION IN CASE OF HUTTI NORTH PL APPLICATION:

1. DESPL as a result of work under a Reconnaissance Permit identified a highly prospective area in the Hutti North area and filed an application on 1.8.2003 seeking grant of Prospecting License (PL) for gold over the said area of 4.9 sq. km vide P.L.
2. State Government on 8.5.2006, issued a Govt. Order bearing No. CL 68:MMM 2004, rejecting the PL application dt. 1.8.2003 of DESPL. DESPL enjoys preferential rights over this area as per Section 10A of the New MMDR act 2015.
3. As per the directive of the Hon"ble High Court of Karnataka, DESPL filed Revision Petition against this Rejection Order on 27-6-2012.
4. DESPL believes that the Revision application will be upheld by the Tribunal since the grounds for rejection is not as per the existing law and New MMDR Act 2015. DESPL's earlier Revision Petition in the Hutti Belt area was also upheld by the RA.

**Due to delays in grant of PLs, DESPL was unable to undertake further detailed exploration in the Hutti-Maski belt. However the highlights of the key prospects which were explored by DESPL during its RP tenure are presented below in Table-13:**

Table-13 : SUMMARY OF EXPLORATION WORK CARRIED OUT IN HUTTI NORTH RP BLOCK

SL NO	TYPE OF EXPLORATION	UNIT	QUANTUM
1	Topographic Survey	Sq. Kms	<b>5</b>
2	Geological Mapping (1: 2000 and 1:5000 Scale)	Sq. Kms	<b>500</b>
3	Ground Geophysical Magnetic Survey	Line Kms	<b>145</b>
4	Ground Geophysical IP Survey	Line Kms	<b>9</b>
5	Sampling and Analysis		
	A. Stream Geochemical Sampling	Nos	<b>347</b>
	B. Rock Chip	Nos	<b>953</b>
	C. Channel	Nos	<b>1646</b>
	D. Termite Mound Samples	Nos	<b>85</b>
	E. Soil Samples	Nos	<b>819</b>
	F. Bed Rock Geochemical Samples	Nos	<b>3980</b>
	G. RAB Drill Samples	Nos	<b>598</b>
	H. RC Drill Samples	Nos	<b>1319</b>
	I. Diamond Core Samples	Nos	<b>387</b>
	<b>TOTAL SAMPLES</b>	<b>Nos</b>	<b>10134</b>
5	DRILLING		
	A. RAB Drilling (18 Drill Holes)	Metres	<b>862.5</b>
	B. RC Drilling (36 Drill Holes)	Metres	<b>2186</b>
	C. Diamond Core Drilling (4 Drill Holes)	Metres	<b>807.7</b>
	<b>TOTAL DRILLING</b>	<b>Metres</b>	<b>3856.2</b>

### 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. DESPL 's exploration such as IP geophysical survey, Bedrock-geochemical sampling,

trenching, and limited drilling has resulted in tracing the extensions of at least 5 of these lodes into DESPL's PL block north of the Hutti Gold mine (Fig-20). The best finding was extension of the New East Reef which has analysed up to 10.0 g/t gold and the extension of the Main Reef that has analysed up to 16.0 g/t Gold. Strike Reef was explored by DESPL by limited drilling with positive results.

DESPL has applied for a Prospecting License 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.

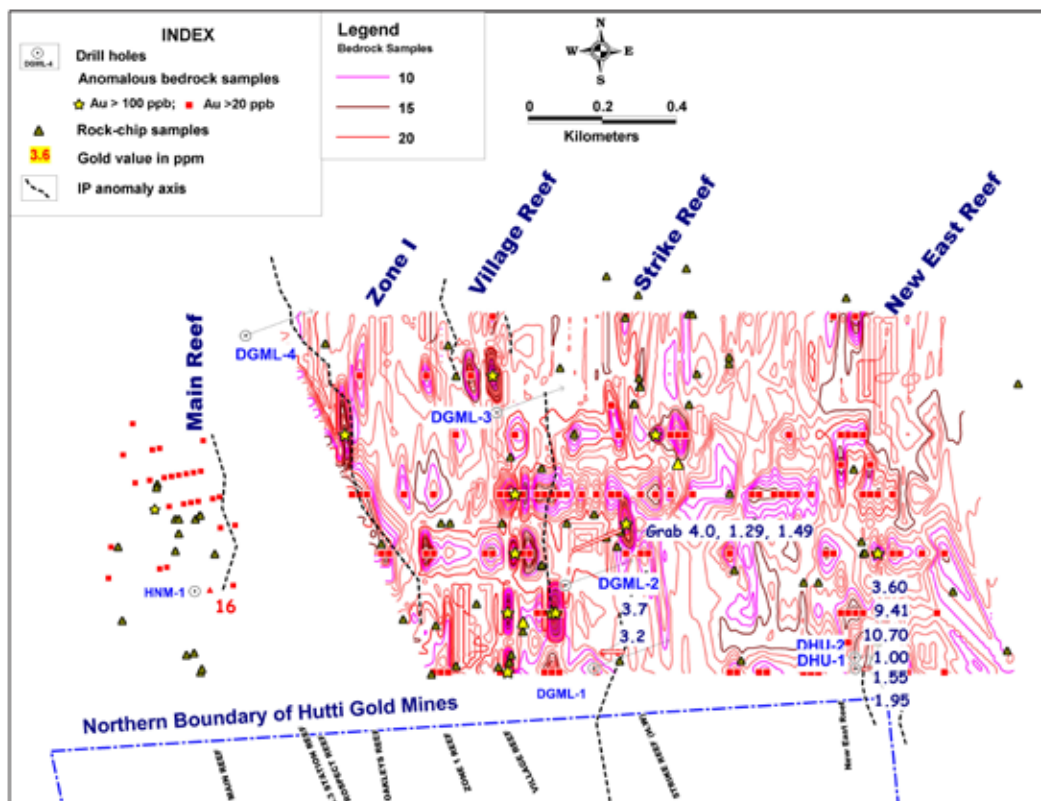


Fig-20 : Hutti North Prospect showing the possible extensions of the Hutti Mine Lodes

### HIRENAGNUR PROSPECT:

DESPL 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 meters. 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 meters. The drill hole data was processed by using Data mine 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 Hirenagnur ore body (Fig-21). Some of the best drill intercepts are furnished below:

Drill hole No	Width (m)	Grade Au (g/t)
IHN-2	8	3.52
1HN-5	8	5.02
DHN-5	19	3.02
DHN-6	16	6.38
DHN-16	11	4.52



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This prospect is an open ended N-S trending zone revealed initially by a single rock-chip sample that assayed 7.13 g/t Au and subsequently by systematic bed-rock sampling and ground magnetic surveys.

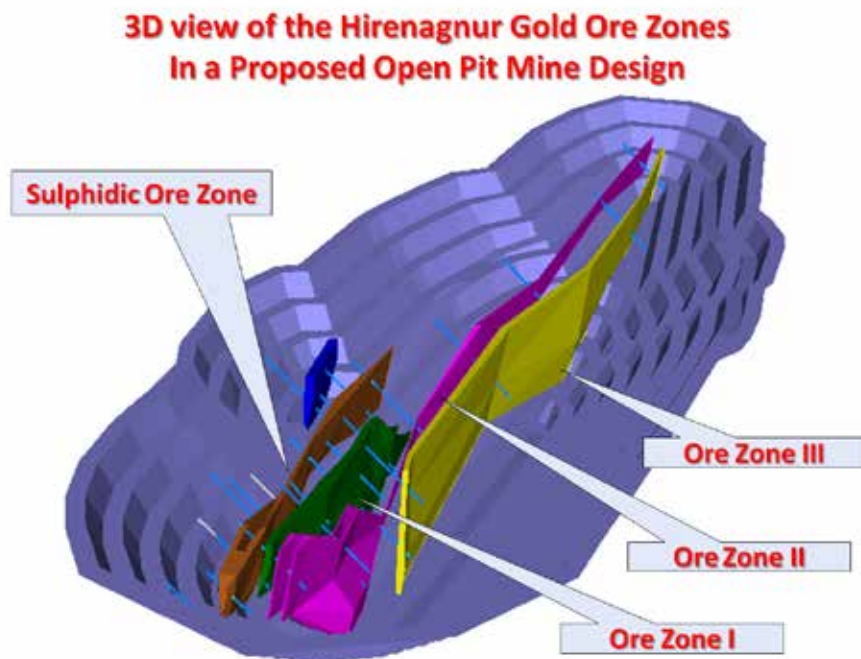


Fig-21 : 3D view of the Hirenagnur Gold Ore Zones and Open Pit Mine Design.

Ore beneficiation studies of Hirenagnur ore was carried out at the India Bureau of Mines, Bangalore. The studies indicate that the ore is free milling and 91% of gold recovery was achievable by carbon –in- leach technique. Pre-treatment of the ore can result in 97% recovery. Detailed drilling will follow the grant of prospecting license over this prospect. Based on the initial exploration under RP, DESPL estimated an inferred resource of 200,000 ozs averaging 2.72 g/t Au.

DESPL also carried out detailed ground magnetic survey to explore strike extension of the mineralization towards north and south. The magnetic survey was successful in tracing a high magnetic anomaly for a length of 3.2 km coinciding with the main Hirenagnur mineralization and its extension towards north and south. Hirenagnur prospect is a structurally controlled mineralization. Therefore, the continuity of gold bearing structures is expected up to several hundred meters. Applications have been filed for both PL as well as a Mining Lease.

Please refer to “Status of Applications” for an update.

### UTI GOLD PROSPECT- SOUTHERN AND NORTHERN CONTINUITY OF THE UTI MINE LODES:

The Uti Mine is owned and operated, as an open pit mine, by Hutti Gold Mines Ltd. Bed rock sampling at 20m intervals along 9 profiles southwest of Uti mine and along 3 profiles north of the mine have revealed gold anomalous zone in strike continuity of Uti mine lodes for about 3.5km to the south west and also towards north. 609m of reconnaissance drilling confirmed the strike continuity of gold lodes to the south. One of the lodes showed gold in the range of 0.82 to 1.4 g/t over widths ranging from 1 to 5m; a second lode yielded 1.34 to 1.72 g/t gold over 1 to 2m width; one more intersection analyzing 3.49 g/t gold over 4m was traced to yet another lode. Detailed drilling is called for to establish the full potential of the Uti south and North prospects. Old diggings by ancient miners and our recent channel sampling have revealed existence of three sub-parallel mineralized zones in an area 1.2 sq. km west of the HGML's Uti mine. Surface samples have given high gold values of up to 22.94 g/t and 40.38 g/t gold. Bedrock geochemical sampling has indicated an anomalous gold bearing zone which is 1200m long and 80m wide.

### **CHINCHERGI –WANDALLI PROSPECT:**

This block is an excellent exploration target defined by DESPL as a result of extensive geochemical exploration, geological mapping, ground magnetic survey and limited Reverse Circulation drilling (RC). DESPL targeted a part of the major WNW trending Chinchergi- Amareshwara lineament between Chinchergi Prospect and Wandalli Prospect. Several ancient workings are seen all along this block.

Chinchergi prospect located some 15 km east of Hutti Gold Mine is an area of extensive ancient mining. Reconnaissance rock chip samples analyzing 5.59 g/t, 8.33 g/t, 9.92 g/t and 12.73 g/t were met with in this prospect. Channel sampling revealed 1 to 2m wide narrow lodes analyzing 1.18 g/t to 4.38 g/t.

In order to locate new targets in addition to tracing extensions of Wandalli and Chinchergi mineralisation, a bedrock geochemical programme was carried out involving 22 profiles and 1500 samples. The exploration has resulted in delineating two geochemical gold anomalies for 3.6 kms south and west of Chinchergi Prospect.

RC drilling indicated anomalous gold values considered as encouraging to undertake further drilling.

### **BULLAPUR PROSPECT:**

In the course of geological traversing along the major structural discontinuity south east of Chinchergi village, a new zone of mineralization was located close to Bullapur village. The mineralized zone comprises a series of quartz veins disposed as N-S splays from a narrow ENE trending shear zone. One of the veins showed a number of visible gold grains on panning. A rock chip sample yielded a good value of 6.53 g/t gold. The area deserves to be investigated in detail under a Prospecting License

### **YATKAL PROSPECT:**

Yatkal prospect is situated 10 kms south-east of Hutti. Gold mineralization is noticed in quartz veins emplaced along sheared and fractured granite. Mineralisation is controlled by a NE-SW trending fracture system along which several quartz veins are emplaced. During its Reconnaissance Permit, DESPL carried out detailed geochemical exploration, rock chip sampling and ground magnetic survey. The geochemical data processed reveals a 950 meter long NE-SW trending gold anomaly spread over 150 meters width. Most of the high gold values analysed in rock chip samples (1.0 to 32.05 g/t Au) fall within the 950 m long geochem anomaly. The geochemical anomaly matches very well with ground magnetic anomaly. Detailed drilling is warranted under a prospecting license.

## STATUS OF MINERAL CONCESSION APPLICATIONS

(POST MMDR AMENDMENT ACT, 2015)

(AS ON OCTOBER 23, 2017)

PROSPECTING LICENCE (PL) APPLICATIONS						
PL No.	Block Name	District	Area in sq km	Date of Application	Ref. No. & Date	Status
<b>KARNATAKA STATE</b>						
DGML.PL-11	Fatehpur-Hadanur	Yadgir	30	25.3.2013	No.DMG/RP-Sec/01-APL/2013, dt.3.4.2013	<p>Preferential rights under Section 10A(2)(b) of MMDR Act,1957 as amended in 2015.</p> <p>The Department of Mines &amp; Geology, State Government of Karnataka (DMG) has recently received the internal checklist / SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL).</p> <p>This file will be taken up for processing by the DMG.</p>
DGML.PL-12	Arakeri-Shakhpur	Yadgir	60	25.3.2013	No.DMG/RP-Sec/02-APL/2013, dt.3.4.2013	<p>Preferential rights under Section 10A(2)(b) of MMDR Act,1957 as amended in 2015.</p> <p>The DMG has recently received the internal checklist / SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL).</p> <p>This file will be taken up for processing by the DMG.</p>
DES.PL-2	Ganajuru-Karajgi	Haveri	2.2	17.10.2003	<p>PL Deed no. 3370 &amp; Executed on 25.9.2009.</p> <p>Renewal Ack. No.02-APL/2012-13/4467, dt.14.6.2012. The PL tenure expired 24-9-2014</p>	<p>1) DESPL has applied for Mining Lease (ML) (DES ML-5) over an area of 2.8 sq km on December 20, 2012. It is under processing at Government of Karnataka. This ML is in addition to the ML applied over an area of 72 acres (0.29 sq kms) covering Ganajur Main Gold deposit which is presently under processing at Government of Karnataka. This ML area includes the satellite prospects adjoining Ganajur Main Project.</p>



DES.PL-10	Mangalagatti	Dharwar	4	11.1.2005	No.07 APL 2005, Dt.17.1.2005 (CI 61 MMM 07 is Old file number) (CI 242 CMC 2015 dated 9.10.2015)	<ul style="list-style-type: none"> <li>Although Grant Notification was issued by the State Government of Karnataka on October 11, 2012 vide Order No. CI 61 MMM 2007, the same could not be executed since the time period for execution (within 3 months of grant notification) of PL Deed expired due to delay by the DMG.</li> <li>The DMG has recently received the internal checklist / SOP for processing of files that fall under Section 10A(2) (b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL).</li> <li>This file has been taken up for processing by the DMG.</li> </ul>
DES.PL-6	Kulavalli	Belgaum	2	15.10.2004	No.127APL 2004, Dt.2 4.11.2004 CI 112 MMM 07	<ul style="list-style-type: none"> <li>The DMG has recently received the internal checklist / SOP for processing of files that fall under Section 10A(2) (b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL).</li> <li>This file has been taken up for processing by the DMG.</li> </ul>
DES.PL-9	Bhavihal	Dharwad	1.5	4.1.2005	No.02 APL 2005, Dt. 6.1.2005 CI 66 MMM 2010	<p>DMG had recommended the file to the State Government of Karnataka, who returned the file to DMG with an advise to obtain fresh 'NOC' from District Commissioner.</p> <p>During April, 2017 the District Commissioner issued NoC for Revenue clearance and forwarded the file to the DMG for further processing. The DMG has recently received the internal checklist / SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL).</p> <p>This file has been taken up for processing by the DMG.</p>

## DECCAN GOLD MINES LIMITED

DES.PL-12	Lakkikoppa	Haveri	5	22.3.2005	No.85 APL 05, <b>CI 64 MMM 2010</b>	<p>DMG had recommended the file to the State Government, who returned the file DMG with an advise to obtain fresh 'NOC' from District Commissioner. Haveri</p> <p>The concerned District Commissioner forwarded the file to Tehshildars of Hanagal and Shiggaon for further action.</p> <p>We are informed that the Hanagal Tehsildar after verifying the Record of Rights (ROR) in the applied area will be forwarding his recommendations to the DC, Haveri shortly.</p> <p>Similarly Tehsildar of Shiggaon will also verify the ROR falling under his jurisdiction before forwarding his recommendations to the DC.</p> <p>The DMG has recently received the internal checklist/ SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL).</p> <p>This file has been taken up for processing by the DMG.</p>
DES-PL-8	Turkara-Sigihalli	Belgaum	1.7	31.12.2004	No.181 APL 04/14744, dt.3.1.2005	<p>The DMG has recently received the internal checklist/ SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL).</p> <p>This file has been taken up for processing by the DMG.</p>
DES.PL-11	Ganajuru Extension	Haveri	8	12.1.2005	No.08 APL 2005, Dt.17.1.2005 <b>CI 218 MMM 06</b>	<p>The DMG has recently received the internal checklist/ SOP for processing of files that fall under Section 10A(2)(b) of MMDR Act for progression from Reconnaissance Permit (RP) to Prospecting Licence (PL).</p> <p>This file has been taken up for processing by the DMG.</p>
DES.PL-1	Hutti North	Raichur	5	1.8.2003	No.24 APL 03, Dt.18.8.2003 CI 155 MMM 2004	<p>This PL application saved under Section 10A(2)(b) of MMDR Act 1957 as amended in 2015 {similar to Section 11 (1) of MMDR Act, 1957} for progression from RP to PL. Despite this, the State Government rejected the PL application.</p> <p>Matter is now being contested before the Tribunal at Ministry of Mines, New Delhi (MoM).</p>

DES.PL-3	Uti	Raichur	2.9	14.1.2004	No. 06APL04 /16815, Dt.16.1.2004	Shareholders may refer to the updates issued by the Company from time to time on the Hutti Civil Appeals presently being heard before the Hon'ble Supreme Court..  Recently, the matter came up again on September 11, 2017 before Court No. 5 (comprising Justice Mr Madan Lokur, Justice Mr Abdul Nazeer and Justice Mr Deepak Gupta) as Item No. 59.After brief arguments from both the parties the Bench adjourned the matter and directed that the same be listed for final hearing and disposal after a period of 2 months.  As on date, the Supreme Court's online system indicates that our matter will be listed on November 13, 2017.
DES.PL-4	Yatkal-Hirenagnur	Raichur	21	1.10.2004	No.106 APL04/ 11544, Dt.18.10.2004	-do-
DES.PL-4A	Hirenagnur	Raichur	1.8	28.4.2006	No. 54 APL 06 Dt.5.5.2006	-do-
DES.PL-5	Wandalli	Raichur	90	21.10.2004	No.11 APL04 / 10976, Dt. 28.10.2004	-do-
DES.PL-7	Yelagatti	Raichur	9	17.12.2004	No.162 APL04 / 13923, Dt.20.12.2004	-do-
DES.PL-13	Palkanmardi	Raichur	6	28.2.2006	No.39 APL 06/17, Dt.29.3.2006	-do-
DES.PL-14	Bullapur	Raichur	7	15.3.2006	No.36 APL 06/15624, Dt.25.3.2006	-do-

## DECCAN GOLD MINES LIMITED

### MINING LEASE (ML) APPLICATIONS

ML No.	Block Name	District	State	Area in sq km	Date of Application	Ref. No.	Status
DES. ML-2	Ganajuru	Haveri	Karnataka	0.29	8.6.2006	<p>No. 567 AML 06/3389</p> <p>(CI 30 MMM 2010, dt. 8.11.2010 is old file No.)</p> <p>CI 199 CMC 2015 dated 7.8.2015</p>	<p>Shareholders may refer to the updates issued by the Company from time to time on the Ganajur Mining Lease file under consideration by the State Government of Karnataka for issue of Grant Notification Letter.</p> <p>On October 9, 2017 the Ganajur Mining Lease (ML) file was referred by the Commerce &amp; Industries Department, Government of Karnataka (C&amp;I) to the Law Department, Government of Karnataka for its opinion / confirmation that the Ganajur ML application is in compliance with the relevant Rules &amp; Regulations of Mines &amp; Minerals (Development &amp; Regulation) Act 1957.</p> <p>We have also obtained two independent legal opinions (including one from a Retired Supreme Court Judge) both of which have opined that the Ganajur ML application is in compliance with the relevant Rules &amp; Regulations of Mines &amp; Minerals (Development &amp; Regulation) Act 1957.</p> <p>The Company is actively monitoring the movement of the file at the Law Department, Government of Karnataka.</p>

DES . ML-5	Karajgi	Haveri	Karnataka	2.8	20.12.2012	No . D M G / R p - S e c / 1 1 AML 2012-13 Dt.5.1.2013	DMG has started processing the pending Mining Lease (ML) files for compliance with their internal checklist that was notified through a Government Order. It may be noted that the checklist requires sign-off / certification from certain Divisions of DMG and Indian Bureau of Mines prior to forwarding the file to State Government. This file has been taken for processing and DMG has received the required certification from IBM on July 13, 2016.  This ML application is protected under Section 10A(2)(b) of MMDR Act 1957 as ammended in 2015.
DGML = Deccan Gold Mines Limited							
DES = Deccan Exploration Services Private Limited							

## DECCAN GOLD MINES LIMITED

### STATUS OF MINERAL CONCESSION APPLICATIONS

#### UNDER AGREEMENTS BETWEEN DGML & GEOMYSORE SERVICES (INDIA) PRIVATE LIMITED (GMSI)

During 2003, DGML executed three agreements with GMSI for transfer of three RPs originally applied for by GMSI and the PLs arising out of such RPs. Details of the agreements entered into are as under:

Transferor	Transferee	Date of agreement	Asset mentioned in agreement	Area (sq. km.)	Consideration (Rs. in million)
GMSI	DGML	May 22, 2003	Hutti Maski: RP No. 4/2000 dated November 03, 2000	315	1.00
GMSI	DGML	May 22, 2003	Mangalur: RP No. 5/2000 dated November 03, 2000	125	0.10
GMSI	DGML	May 22, 2003	Ramagiri: RP No. 345/MI/ 2001 dated February 2, 2001	260	0.50

GMSI has made following PL applications arising out of the aforesaid three RPs:

Sr. No	Name of the entity	Reference No/Ack	Application Date	Block Name	District & State	Area in sq.km	Originated from which RP, PL (where applicable)	Present Status
1.	GMSI-PL-8	47APL 03/13967 dated November 10, 2003	November 7, 2003	Jainapur	Gulbarga Karnataka	1.1	RP number 5 dated November 3, 2000 for Mangalur	<ul style="list-style-type: none"> <li>Approval of grant by MoM communicated to State Government vide letter no. 4/34/2008-M.IV dated September 16, 2009.</li> <li>Despite MoM approval, State Government has requested DMG for new NOC from District Commissioner.</li> <li>Since MoM has already granted the approval, DMG has not moved for obtaining a new NOC.</li> <li>Grant order awaited.</li> </ul>
2.	GMSI-PL-7	46 APL 03/13966 dated November 10, 2003	November 07, 2003	Mangalur	Gulbarga Karnataka	1.2	RP number 5 dated November 3, 2000 for Mangalur	<ul style="list-style-type: none"> <li>DMG has recommended for grant to State Government, but State Government has returned the file to DMG requesting it to obtain a new NOC from the District Commissioner.</li> <li>GMSI has written to State Government for communicating its objection towards State Government's request for new NOC as there is no provision under MMDR/MCR that justifies seeking a new NOC.</li> <li>Currently application is pending at DMG, Bengaluru and DMG has not moved to obtain a new NOC as requested by State Government.</li> </ul>
3.	GMSI-PL-4	32 APL 2003/11183 dated September 05, 2003	August 29, 2003	Sanbal-Maski	Raichur Karnataka	14.7	RP number 4 dated November 3, 2000 for Hutti-Maski	<ul style="list-style-type: none"> <li>Same status as that of DES-PL-3 noted above</li> </ul>

4.	GMSI-PL-5	31 APL 2003/11181 dated September 05, 2003	August 29, 2003	Buddini	Raichur Karnataka	8	RP number 4 dated November 3, 2000 for Hutti-Maski	<ul style="list-style-type: none"> <li>Same status as that of DES-PL-3 noted above.</li> </ul>
5.	GMSI-PL-12	71APL 04/5515 dated July 29, 2004	July 27, 2004	Udbal- Dinni samudra	Raichur Karnataka	35	RP number 4 dated November 3, 2000 for Hutti-Maski	<ul style="list-style-type: none"> <li>Same status as that of DES-PL-3 in point 7 above.</li> </ul>
6.	GMSI-PL-3	2095/ M2/2003 dated August 23, 2003	August 22, 2003	Ramagiri	Anantapur Andhra Pradesh	18.32	RP number 345/M1/2001 dated February 02, 2001 for Ramagiri	<ul style="list-style-type: none"> <li>Under consideration by the AP State Government,</li> </ul>
7.	GMSI-PL-14	1903/PL/04 dated August 26, 2004	August 26, 2004	Boksampalle	Anantapur Andhra Pradesh	17	RP number 345/M1/2001 dated February 02, 2001 Ramagiri	<ul style="list-style-type: none"> <li>Under consideration by the AP State Government,</li> </ul>

Note : In terms of the agreement entered into between DGML & GMSI with regard to the aforesaid 3 RPs, it has been agreed that any PLs / MLs arising from such RPs shall be transferred to DGML. However no such transfer has been effected till date. Transfer, as and when it is done, will require prior permission under MMDR Act and Rules made there under.

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**DIRECTORS' REPORT**

To  
The Members,  
Deccan Gold Mines Limited

Your Directors present the 33rd Annual Report of the Company together with the Audited Statement of Accounts for the year ended March 31, 2017.

**1. FINANCIAL STATEMENTS & RESULTS:****A. FINANCIAL RESULTS**

The Company's performance during the year ended March 31, 2017 as compared to the previous financial year, is summarized below:

(₹ in '000)

Particular	For the financial year ended March 31, 2017	For the financial year ended March 31, 2016
Income	4,859	3,459
Less: Expenses	1,01,109	72,413
Profit/ (Loss) before tax	(96,250)	(68,954)
Less: Provision for tax	-	-
Profit / (Loss) after Tax	(96,250)	(68,954)
Balance brought forward	(1,51,853)	(82,899)
Balance carried to Balance Sheet	(2,48,103)	(1,51,853)

During the year 2016-17, the Company had issued 1,450,000 equity shares under its ESOP 2014 & ESOP 2014 (amended 2016).

**b. OPERATIONS:**

Details on the operations of the Company during the year under review are given under the head "Report on Exploration Activities" and the segment titled "Status of mineral concession applications" and in "Management Discussion & Analysis" forming part of this Report.

More details about the Company's projects and operations as well as market announcements made from time to time can be accessed at ([www.deccangoldmines.com](http://www.deccangoldmines.com)).

There was no change in nature of the business of the Company, during the year under review.

**c. REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:**

The performance and financial position of Deccan Exploration Services Private Limited, subsidiary company for the year ended March 31, 2017 is attached and marked as Annexure I and forms part of this Report.

**d. DIVIDEND:**

In view of the fact that the Company is yet to commence its commercial operations, your Directors express their inability to recommend dividend for the financial year under review.

**e. TRANSFER TO RESERVES:**

In view of loss incurred during the year under review, the Board of Directors has not recommended transfer of any amount to reserves..



**f. REVISION OF FINANCIAL STATEMENT:**

During year under review, there was no revision of financial statement of any previous financial years.

**g. DEPOSITS**

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

**h. DISCLOSURES UNDER SECTION 134(3)(I) OF THE COMPANIES ACT, 2013:**

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

**i. DISCLOSURE OF INTERNAL FINANCIAL CONTROLS:**

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

**j. DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL**

No orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.

**k. PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES**

During the year under review, the Company has not entered into any contracts or arrangements with related parties that fall within the purview of Section 188 of the Companies Act, 2013.

**l. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES:**

During the year under review, the Company did not make any investment or provide any loan or furnish any guarantees. Details of investments made are furnished in Annexure II and forms part of this Report.

**m. DISCLOSURE UNDER SECTION 43(a)(ii) OF THE COMPANIES ACT, 2013:**

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

**n. DISCLOSURE UNDER SECTION 54(1)(d) OF THE COMPANIES ACT, 2013:**

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

**o. DISCLOSURE UNDER SECTION 62(1)(b) OF THE COMPANIES ACT, 2013:**

As per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 and other applicable Regulations, details of equity shares issued under Employees Stock Option Scheme during the financial year under review is furnished in Annexure III attached herewith which forms part of this Report.

**p. DISCLOSURE UNDER SECTION 67(3) OF THE COMPANIES ACT, 2013:**

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.

# DECCAN GOLD MINES LIMITED

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## **2. MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **a) BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of the Companies Act, 2013, none of the Independent Directors is liable to retire by rotation.

As per the provisions of Section 152 of the Companies Act, 2013, Mr. Charles Edward English Devenish retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

The required details under the Companies Act, 2013 read with applicable Secretarial Standards in respect of Mr Charles E.E. Devenish are furnished as an Annexure to the Notice convening the Annual General Meeting.

### **b. DECLARATIONS BY INDEPENDENT DIRECTORS:**

The Company has received declarations from all the Independent Directors under Section 149(6) of the Companies Act, 2013, confirming their independence vis-à-vis the Company.

## **3. DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES**

### **a. BOARD MEETINGS:**

The Board of Directors met six (6) times during the financial year ended March 31, 2017 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

### **b. DIRECTOR'S RESPONSIBILITY STATEMENT:**

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended March 31, 2017, the Board of Directors hereby confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. such accounting policies have been selected and applied consistently and the Directors 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 March 31, 2017 and of the loss of the Company for that year;
- c. proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts of the Company have been prepared on a going concern basis;
- e. internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

### **c. NOMINATION AND REMUNERATION COMMITTEE:**

The Nomination and Remuneration Committee of Directors was constituted by the Board of Directors of the Company in accordance with the requirements of Section 178 of the Act.

The composition of the committee is as under:

1. Mr. K.R. Krishnamurthy, Chairman,
2. Ms. Pratima Ram, Director and
3. Prof V.K. Gaur, Director.

The Board has in accordance with the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees.

Major criteria defined in the policy framed for appointment of and payment of remuneration to the Directors of the Company, are based upon their experience, qualifications, capability to make independent judgment and value addition.

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**d. AUDIT COMMITTEE:**

The Audit Committee of Directors was constituted pursuant to the provisions of Section 177 of the Companies Act, 2013. The composition of the Audit Committee is in conformity with the provisions of the said section. The Audit Committee comprises of:

1. Ms. Pratima Ram, Independent Director - Chairperson,
2. Mr. K.R. Krishnamurthy, Independent Director – Member and
3. Prof V.K. Gaur, Independent Director – Member.

The scope and terms of reference of the Audit Committee have been aligned in accordance with the Act and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

During the year under review, the Board of Directors of the Company had accepted all the recommendations of the Committee.

**e. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

During the year under review, pursuant to Section 178 of the Companies Act, 2013, the Board of Directors of the Company has constituted the Stakeholder's Relationship Committee, comprising Mr. K.R. Krishnamurthy, Chairman; Ms Pratima Ram and Mr. Sandeep Lakhwara as its members.

Mr. K.R. Krishnamurthy has been appointed the Chairman of the Stakeholders' Relationship Committee. The Company Secretary acts as the Secretary of the Stakeholders' Relationship Committee.

**f. VIGIL MECHANISM POLICY FOR THE DIRECTORS AND EMPLOYEES:**

The Board of Directors of the Company has, pursuant to the provisions of Section 178(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, framed "Vigil Mechanism Policy" for Directors and employees of the Company to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any, financial statements and reports, etc.

The employees of the Company have the right/option to report their concern / grievance to the Chairman of the Audit Committee.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations.

**g. FRAUD REPORTING:**

During the year under review, no instances of fraud were reported by the Statutory Auditors of the Company.

**h. RISK MANAGEMENT POLICY:**

The Board of Directors of the Company has designed Risk Management Policy and Guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses, and define a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are considered in the annual/ strategic business plans and in periodic management reviews.

**i. CORPORATE SOCIAL RESPONSIBILITY POLICY:**

Section 135 of the Companies Act, 2013, mandates the constitution of a Corporate Social Responsibility Committee by companies having networth of ₹ 500 crore or more OR turnover of ₹ 1000 crore or more OR a net profit of ₹ 5 crore or more during any financial year. However, considering the said applicability criteria, this provision is presently not applicable in the case of the Company.

**j. SEXUAL HARASSMENT:**

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace and has also established Investigation and Redressal Committee, as stipulated by The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules thereunder. During the year under review, no complaints in relation to such harassment at workplace have been reported.

## DECCAN GOLD MINES LIMITED

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### **k. ANNUAL EVALUATION OF DIRECTORS, COMMITTEE AND BOARD:**

A statement indicating the manner for evaluation of performance of the Board and its committee, individual Directors is attached with the Board Report as Annexure IV and forms part of this Report.

### **l. INTERNAL CONTROL SYSTEMS:**

Adequate internal control systems commensurate with the nature of the Company's business and size and complexity of its operations are in place and have been operating satisfactorily. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

### **m. DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014:**

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year under review has been marked as Annexure V.

### **n. PAYMENT OF REMUNERATION / COMMISSION TO DIRECTORS FROM HOLDING OR SUBSIDIARY COMPANIES:**

The Managing Director of the Company is not in receipt of remuneration/commission from the Holding or Subsidiary Company of the Company. Apart from the Managing Director, the Company does not have any other managerial personnel.

## **4. AUDITORS AND REPORTS**

The matters related to Auditors and their Reports are as under:

### **a. OBSERVATIONS OF STATUTORY AUDITORS ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017:**

The observations made by the Statutory Auditors in their report for the financial year ended March 31, 2017 read with the explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

### **b. SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED MARCH 31, 2017:**

Provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, mandates to obtain Secretarial Audit Report from Practicing Company Secretary. M/s. Rath and Associates, Company Secretaries had been appointed to issue Secretarial Audit Report for the financial year 2016-17.

Secretarial Audit Report issued by M/s. Rath and Associates, Practicing Company Secretaries in Form MR-3 for the financial year 2016-17 is attached and forms part to this report. The said report does not contain any observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

### **c. APPOINTMENT OF STATUTORY AUDITORS:**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. P R Agarwal & Awasthi, Chartered Accountants, Mumbai (Firm Registration No. 117940W) are proposed to be appointed as Statutory Auditors of the Company to hold office from the conclusion of this 33rd Annual General Meeting until the conclusion of the 38th Annual General Meeting subject to ratification by the shareholders at every Annual General Meeting held during their tenure. The consent of the Auditors along with certificate under Section 139 of the Act have been obtained from the Auditors to the effect that their appointment, if made, shall be in accordance with the prescribed conditions and that they are eligible to hold the office of Auditors of the Company.

The Board recommends the appointment of M/s. P R Agarwal & Awasthi, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company.

Necessary resolution for appointment of the said Auditors is included in the Notice of AGM for seeking approval of members.

### **d. COST AUDITORS:**

The provisions of Section 148 of the Companies Act, 2013 relating to cost audit are not applicable to the Company.

**5. OTHER DISCLOSURES**

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under:

**a. EXTRACT OF ANNUAL RETURN:**

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended March 31, 2017 made under the provisions of Section 92(3) of the Act is attached as Annexure VI which forms part of this Report.

**b. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review.

During the year under review, the Company has neither earned nor used any foreign exchange.

**c. CORPORATE GOVERNANCE:**

As per the provisions of Section II of the Schedule V of the Companies Act, 2013, the details of remuneration paid to Mr. Sandeep Lakhwara, Managing Director are furnished as under:

All elements of remuneration package such as salary, benefits, bonuses, stock options	₹ 7 lakhs per month
Details of fixed component and performance linked incentives along with the performance criteria	Nil
Service contracts, notice period, severance fees	Notice period of 3 months. No stipulation of severance fee.
Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable	<p>Granted 1,500,000 stock options under the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014.</p> <p>Granted further 750,000 stock options under the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014 (amended 2016).</p> <p>The said Options have been granted at the price of ₹. 7/- per option and the Managing Director shall have right to subscribe for shares within the period of 12 months from the date of vesting.</p>

**6. ACKNOWLEDGEMENTS AND APPRECIATION:**

Your Directors take this opportunity 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 : Bengaluru  
Date : September 14, 2017

**Charles E.E. Devenish**  
Chairman  
DIN : 01252091

**CIN: L51900MH1984PLC034662**

**Registered Office:**

Parinee Crescenzo, 803, 8th Floor, Opp. MCA,C38-C39, G Block,  
Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

Tel .No.:022-33040797 Fax No.: 022-26532440

Email.: info@deccangoldmines.com Website.: www.deccangoldmines.com

# DECCAN GOLD MINES LIMITED

## ANNEXURE-1

### FORM AOC-1

#### PERFORMANCE OF SUBSIDIARY COMPANY

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

(Information in respect of subsidiary )

Amount (in ₹)

1	Name of the subsidiary	Deccan Exploration Services Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not applicable
3	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	Not applicable
4	Share capital	13,000 equity shares of ₹10/- each
5	Reserves and Surplus	36,15,31,248
6	Total Assets	36,33,98,525
7	Total Liabilities	18,67,277
8	Investments	Nil
9	Turnover	Nil
10	Profit before taxation	33,62,422
11	Provision for taxation	(9,82,600)
12	Profit after taxation	23,79,822
13	Proposed Dividend	Nil
14	% of shareholding	100%

The Company does not have any associate / joint venture companies.

For and on behalf of the Board,

Place : Bengaluru  
Date : September 14, 2017

**Charles E.E. Devenish**  
Chairman  
DIN : 01252091

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**ANNEXURE II**
**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details for loans &amp; investments:

Name of the party	Nature & Purpose of transactions	Amount at the beginning of the year	Transactions during the year	Balance at the end of the year
Deccan Exploration Services Private Limited (wholly-owned subsidiary)	Equity investment	35,41,82,000	Nil	35,41,82,000

Details of guarantees given – Nil

## DECCAN GOLD MINES LIMITED

### ANNEXURE III

**Disclosure of details pertaining to shares allotted under Employees Stock Option Scheme under the provisions of Section 62 (1)(b) of Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014 during the year 2016-17**

#### DECCAN GOLD MINES LIMITED ESOP, 2014

Total No. of Shares covered by ESOP Scheme approved by the Shareholders	3,000,000
Options granted	3,000,000
Options vested	1,500,000
Options exercised	1,450,000
The total number of shares arising as a result of exercise of options	3,000,000
Options forfeited	Nil
Options lapsed	Nil
Extinguishment of modification of options	Nil
Exercise Price	₹ 7/- per share
Pricing Formula	As per the recommendation of Nomination & Remuneration Committee at its meeting held on January 14, 2015 after considering relevant factors such as future scaling up in the operations of the Company and the impending Rights Issue of the Company.
Variation in terms of options	Nil
Money realised by exercise of options	₹ 10,150,000/-
Total number of options in force	3,000,000
Employee wise details of options granted to Key Managerial Personnel & Senior Managerial Personnel	Mr. Sandeep Lakhwara, Managing Director (1,500,000 stock options)
	Mr. Saradchandra Rao Peshwa, Exploration Director & Director of subsidiary Company (483,000 stock options)
	Mr. S. Subramaniam, Head-Legal & Company Secretary (291,800 stock options)
	Mr. K. Karunakaran, Chief Financial Officer (291,800 stock options)
Any other employee who receives grant of options in any one year amounting to 5% of more of options granted during that year	Nil
Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Mr. Sandeep Lakhwara, Managing Director (1,500,000 stock options)
Issued Capital (excluding outstanding warrants and conversions of the Company at the time of grant)	₹ 59,218,250 (59,218,250 equity shares of face value of Re.1/- each)
Diluted EPS calculated in accordance with International Accounting Standard (IAS 33)	₹ (1.04)



**DECCAN GOLD MINES LIMITED ESOP, 2014 (AMENDED 2016) (\*See note below)**

Total No. of Shares covered by ESOP Scheme approved by the Shareholders	1,500,000
Options granted	1,500,000
Options vested	1,500,000
Options exercised	Nil
The total number of shares arising as a result of exercise of options	1,500,000
Options forfeited	Nil
Options lapsed	Nil
Extinguishment of modification of options	Nil
Exercise Price	₹7/- per share
Pricing Formula	Please see note below
Variation in terms of options	Nil
Money realised by exercise of options	Nil
Total number of options in force	1,500,000
Employee wise details of options granted to Key Managerial Personnel & Senior Managerial Personnel	Mr Sandeep Lakhwara, Managing Director (750,000 stock options)
	Mr Saradchandra Rao Peshwa, Exploration Director & Director of subsidiary Company (241,500 stock options)
	Mr S. Subramaniam, Head-Legal & Company Secretary (145,900 stock options)
	Mr K. Karunakaran, Chief Financial Officer (145,900 stock options)
Any other employee who receives grant of options in any one year amounting to 5% of more of options granted during that year	Nil
Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
Issued Capital (excluding outstanding warrants and conversions of the Company at the time of grant)	₹ 89,227,375 (89,227,375 equity shares of face value of Re.1/- each)
Diluted EPS calculated in accordance with International Accounting Standard (IAS 33)	₹ (1.04)

**\*Note:**

The shareholders of the Company, at their 30th AGM held on December 30, 2014 approved the introduction of the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014 (Scheme). Clause 5 of the Scheme provides that the limit of 3,000,000 stock options may be revised by the Nomination and Remuneration Committee (NRC) of the Board (which is empowered to administer the Scheme in accordance with SEBI Regulations) in case of any corporate action necessitating the same. Further, clause 21 of the Scheme states that in the event of any rights issue, bonus issue, stock split, merger, restructuring or any such event happening subsequent to the Grant of Options, the NRC shall have the power to make appropriate amendments to the Scheme, including changes in the number of Options, the Exercise Price, floating a new Scheme / extending the application of the existing Scheme

## DECCAN GOLD MINES LIMITED

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or any other fair and just mechanism including acceleration of Options, if deemed essential, in accordance with law as it deems fit, while striving to ensure that the rights of the employees are not adversely affected.

It may be noted that subsequent to the grant of options under the Scheme, the Company has completed fund raising of INR 503.36 million through a 1 for 2 Rights Issue that was kept open during October, 2015. Pre rights issue, the share capital of the Company was 59,218,250 equity shares and on this basis, 29,609,125 rights shares were issued and allotted on November 6, 2015 to the successful applicants. Accordingly, post the rights issue, the paid-up capital of the Company stood at 88,827,375 equity shares i.e., the paid-up capital increased by 50%

In view of the above corporate action (rights issue), it became necessary to revise the number of stock options reserved under the Scheme from 3,000,000 to 4,500,000 by the addition of 1,500,000 new stock options.

The Board of Directors of the Company, at their meeting held on February 12, 2016 approved amendment to the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014 (Scheme) on account of the Company's rights issue during October, 2015.

Further, the NRC at its meeting held on March 4, 2016 decided that the Exercise Price of the 1,500,000 new stock options would be fixed as ₹7/- per stock option (as was the case with the original 3,000,000 stock options).

For and on behalf of the Board,

Place : Bengaluru  
Date : September 14, 2017

**Charles E.E. Devenish**  
Chairman  
DIN : 01252091

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**ANNEXURE IV****STATEMENT ON MANNER OF EVALUATION OF BOARD OF DIRECTORS, COMMITTEE AND INDIVIDUAL DIRECTORS:**

The Companies Act, 2013 has prescribed a new set of meeting known as exclusive meeting by Independent Directors to assign more responsibility and power to Independent Directors. As per schedule IV of the Companies Act, 2013, the Independent Directors shall hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of the management and all such directors shall strive to be present at the meeting.

The Independent Directors of the Company held such meeting on February 14, 2017. Amongst other matters, they reviewed the performance of Non-Independent Directors, and the Board as a whole, the performance of the Chairperson of the Company, taking into account the views of Executive Director and Non-executive Directors; and assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**Evaluation Criteria of the Board's performance:**

During the year under review, the Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Board functioning such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues etc., Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc., The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

For and on behalf of the Board,

Place : Bengaluru  
Date : September 14, 2017

**Charles E.E. Devenish**  
Chairman  
DIN : 01252091

## DECCAN GOLD MINES LIMITED

### ANNEXURE V

#### DISCLOSURE FOR RATIO OF REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEE'S REMUNERATION AND OTHER DETAILS AS PER RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014

Median remuneration is ₹ 784,500/- per annum. It may be noted that Mr. Sandeep Lakhwara, Managing Director is the only Director who draws remuneration of ₹ 8,400,000/- per annum. The ratio of the median remuneration to his remuneration is 1 : 11 (approx).

During the financial year, the %age increase in remuneration of Managing Director in 'Nil' while in the case of Chief Financial Officer and Company Secretary it was 25%.

Mr. Sandeep Lakhwara, Managing Director was re-appointed for a term of 2 years with effect from May 1, 2016 at a monthly remuneration of ₹ 700,000/- with the approval of the shareholders at their AGM held on September 28, 2016.

The remuneration drawn by Mr. S. Subramaniam, Head-Legal & Company Secretary was ₹ 39.90/- lac per annum.

The remuneration drawn by Mr. K. Karunakaran, Chief Financial Officer was ₹ 31.50 lac per annum.

Details of remuneration of the Key Management Personnel are also furnished in Annexure VI to the Directors' Report.

Except the Managing Director, the %age increase in the median remuneration of other employees in the financial year was '25%

As at the end of the year, there were 16 permanent employees on the rolls of the Company.

Explanation / comparison on the relationship between average increase in remuneration of employees / key managerial personnel and company performance.

Being a gold exploration company and keeping in mind the fact that the Company is yet to generate revenues, relationship between average increase in remuneration of employees / key managerial personnel and company performance is not comparable. However, considering the fact that there were no salary increases over the preceding three financial years, the Company made a salary increase of 25% to its employees during 2016-17.

	March 31, 2017	March 31, 2016	% increase (decrease)
Market Capitalisation (₹ in crore)	348.65	306.05	13.92

The closing price of the Company's shares on BSE as on March 31, 2017 being ₹ 38.45 per equity share of face value of Re.1/- each has increased by 13.92% when compared with the closing price of ₹ 34.30 as on March 31, 2016. During the year, the Company's paid up capital increased from 89227375 shares to 90677375 shares since the Company had issued 1450000 shares under its ESOP during 2016-17.

The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - Not applicable

It is affirmed that the remuneration is as per the remuneration policy of the Company.

## STATEMENT PURSUANT TO RULE 5(2) OF COMPANIES

## (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Name of employee	Sandeep Lakhwara
Designation of employee	Managing Director
Remuneration received	₹ 84,00,000/-
Nature of employment, whether contractual or otherwise	Re-appointed for a term of 2 years with effect from May 1, 2016 subject to approval of the shareholders.
Qualifications and experience of the employee	B.Bus., CPA (Australia)
Date of commencement of employment	July 31, 2002
Age of such employee	62 years
Last employment held by such employee before joining the Company	Independent Accounting Practice in Australia
% of equity shares held by the employee in the Company	0.75%
Whether any such employee is a relative of any Director or Manager of the Company and if so, name of such Director or Manager	No

In terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 details of the gross monthly salary (in ₹) of the top 10 employees of the Company is given hereunder:

Sl. No.	Name of the Employee	Gross Monthly Salary (in ₹)
1	Sandeep Lakhwara	700,000
2	Saradchandra Rao Peshwa	362,500
3	S.Subramaniam	332,500
4	K.Karunakaran	262,500
5	S.B. Harish Kumar	211,250
6	Rajeev Prahladrao Hanamasagar	132,098
7	K.S. Yogananda	110,725
8	G.R. Satheesha	92,250
9	M. Shibby Nair	38,500
10	Ashok Muniyappa	35,000

For and on behalf of the Board

Place : Bengaluru  
Date : September 14, 2017

**Charles E.E. Devenish**  
Chairman  
DIN : 01252091

# DECCAN GOLD MINES LIMITED

## ANNEXURE VI

### EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

CIN	L51900MH1984PLC034662
Registration Date	November 29, 1984
Name of the Company	DECCAN GOLD MINES LIMITED
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and contact details	Parinee Crescenzo, 803, 8th Floor, Opp. MCA C38-C39, G Block, Bandra Kurla Complex, Bandra (East) Mumbai 400051 Tel No: 022- 33040797 Fax No.: 022-26532440 Mail Id: info@deccangoldmines.com Website: www.deccangoldmines.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any:	Link Intime India Private Limited C-101, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400 083 Tel No: 022-49186000 Fax No.: 022-49186060 Mail Id: rnt.helpdesk@linkintime.co.in.

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product / service	% to total turnover of the Company
1	Gold exploration & mining	7295	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
1	Deccan Exploration Services Private Limited	U27205KA1997PTC022819	Subsidiary	100%	2 (87)(ii)

**I SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL Equity):****i. Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	25994641	-	25994641	29.13	25471252	-	25471252	28.09	(1.04)
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):</b>	<b>25994641</b>	<b>-</b>	<b>25994641</b>	<b>29.13</b>	<b>25471252</b>	<b>-</b>	<b>25471252</b>	<b>28.09</b>	<b>(1.04)</b>
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>25994641</b>	<b>-</b>	<b>25994641</b>	<b>29.13</b>	<b>25471252</b>	<b>-</b>	<b>25471252</b>	<b>28.09</b>	<b>(1.04)</b>
<b>B. Public Shareholding</b>									
(1) Institutions	-	-	-	-					
a) Mutual Funds	-	-	-	-					
b) Banks / FI	-	-	-	-					
c) Central Govt	-	-	-	-					
d) State Govt(s)	-	-	-	-					
e) Venture Capital Funds	-	-	-	-					
f) Insurance Companies	-	-	-	-					
g) Foreign Portfolio Investors	6216019	-	6216019	6.96	5341243	-	5341243	5.89	(1.07)
h) Foreign Venture Capital Funds	-	-	-	-					
i) Others – HUF	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):</b>	<b>6216019</b>	<b>-</b>	<b>6216019</b>	<b>6.96</b>	<b>5341243</b>	<b>-</b>	<b>5341243</b>	<b>5.89</b>	<b>(1.07)</b>
Central / Government / State Govt. / President of India	-	-	-	-	-	-	-	-	-
Sub Total (B)(2)	-	-	-	-	-	-	-	-	-
(2) Non-Institutions									
a) Individuals									
i) holding nominal share capital up to Rs. 1 lac	26922833	131536	27054369	30.31	28168750	130411	28299161	31.21	0.90
ii) holding nominal share capital in excess of Rs. 1 lac	15464493	0	15464493	17.33	16508620	0	16508620	18.20	0.86



## DECCAN GOLD MINES LIMITED

ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	4598132	-	4598132	7.76	15464493	0	15464493	17.33	9.57
b) NBFCs regd. with RBI	-	-	-	-	-	-	-	-	-
c) Employee Trusts	-	-	-	-	-	-	-	-	-
d) Overseas Depositories (holding DRs)	-	-	-	-	-	-	-	-	-
e) Any other (specify)									
Hindu Undivided Family	1908477	-	1908477	2.14	1940825	-	1940825	2.14	0.00
NRIs (Non-Repatriable)	512035	-	512035	0.57	564777	-	564777	0.62	0.05
NRIs (Repatriable)	6550234	-	6550234	7.34	6529203	-	6529203	7.20	(0.14)
Directors	455000	-	455000	0.51	685239	-	685239	0.75	0.24
Clearing Member	566843	-	566843	0.63	837191	-	837191	0.92	0.29
Bodies Corporate	4505264	-	4505264	5.05	4499864	-	4499864	4.96	(0.09)
<b>Sub-total(B)(3):</b>	<b>56885179</b>	<b>131536</b>	<b>57016715</b>	<b>63.90</b>	<b>59734469</b>	<b>130411</b>	<b>59864880</b>	<b>67.09</b>	<b>2.11</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2) + B(3)</b>	<b>63101198</b>	<b>131536</b>	<b>63232734</b>	<b>70.87</b>	<b>65075712</b>	<b>130411</b>	<b>65206123</b>	<b>73.08</b>	
C. Non-Promoter – Non Public									
Custodian / DR Holder	-	-	-	-	-	-	-	-	-
Employee Benefit Trust {under SEBI (SBEB) Regulations, 2014}	-	-	-	-	-	-	-	-	-
<b>Grand Total (A + B + C)</b>	<b>89095839</b>	<b>131536</b>	<b>89227375</b>	<b>100</b>	<b>90546964</b>	<b>130411</b>	<b>90677375</b>	<b>100</b>	

## II. SHAREHOLDING OF PROMOTERS:

S I . No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Rama Mines Mauritius Limited, Mauritius	25994641	29.13	Nil	25471252	28.09	Nil	(1.04)
	<b>Total</b>	<b>25994641</b>	<b>29.13</b>	<b>Nil</b>	<b>25471252</b>	<b>28.09</b>	<b>Nil</b>	<b>(1.04)</b>

## iii. CHANGE IN PROMOTERS' SHAREHOLDING ( PLEASE SPECIFY, IF THERE IS NO CHANGE):

Sl. No.		Shareholding at the beginning of the year			
		No. of shares	% of total shares of the Company		
	<b>At the beginning of the year</b>	<b>25994641</b>	<b>29.13</b>		
	Date-wise Increase / (Decrease)	No. of shares	%age	Shareholding after the (sale) / purchase	%age
	April 4, 2016#	Nil	(0.21)	25994641	28.92
	April 18, 2016 (Sale)	(120000)	(0.13)	25874641	28.79
	April 22, 2016#	Nil	(0.10)	25874641	28.69
	June 17, 2016 (Sale)	(35000)	(0.04)	25839641	28.65
	June 24, 2016#	Nil	(0.04)	25839641	28.61
	June 22 & 27, 2016 (Sale)	(55,100)	(0.07)	25784541	28.54
	August 5 & 8, 2016 (Sale)	(54434)	(0.06)	25730107	28.48
	August 9, 2016 (Sale)	(33000)	(0.03)	25697107	28.45
	August 18, 2016 (Sale)	(50000)	(0.06)	25647107	28.39
	September 21, 2016 (Sale)	(9092)	(0.01)	25638015	28.38
	November 25, 2016 & December 8, 2016	(70579)	(0.08)	25567436	28.30
	January 19-20, 24-25 & 27, 2017	(43677)	(0.05)	25523759	28.25
	February 10, 2017	(4415)	(0.00)	25519344	28.25
	February 21, 2017#	Nil	(0.11)	25519344	28.14
	March 16, 2017	25519344	(0.05)	25471252	28.09
	At the End of the year	25471252	28.09		

#change in shareholding due to issue of further shares by the Company on April 4, 2016; April 22, 2016; June 24, 2016 and February 21, 2017.

#### IV. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

Attached to this Report as Annexure VI-A.

## DECCAN GOLD MINES LIMITED

### V. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
(1)	<b>Mr. Sandeep Lakhwara, Managing Director</b>				
	At the beginning of the year	455000	0.51		
	Date-wise Increase / (Decrease)				
	April 4, 2016#	Nil	(0.01)	455000	0.50
	April 6-7 & 20, 2016 (Sale)	(155000)	(0.17)	300000	0.33
	April 22, 2016# – issue of shares under ESOP	250000	0.28	550000	0.61
	June 21-24, 2016 (Sale)	(25767)	(0.03)	524233	0.58
	June 24, 2016# – issue of shares under ESOP	100000	(0.11)	624233	0.69
	July 1 & 12-14, 2016	(73233)	(0.08)	551000	0.61
	October 6, 2016	(17000)	(0.02)	534000	0.59
	December 15, 2016	(65000)	(0.07)	469000	0.52
	February 21, 2017#	350000	(0.38)	819000	0.90
	March 1 & 22-23, 2017	(133761)	(0.15)	685239	0.75
	At the End of the year*	685239	0.75		
(2)	<b>Mr. S.Subramaniam, Head-Legal &amp; Company Secretary</b>				
	At the beginning of the year	67000	0.07		
	Date-wise Increase / (Decrease)				
	April 4, 2016# – issue of shares under ESOP	145900	0.17	212900	0.24
	April 6-8, 2016 – sale of shares	(34618)		178282	0.20
	At the End of the year	178282	0.20		
(3)	<b>Mr. K. Karunakaran, Chief Financial Officer</b>				
	At the beginning of the year	56000	0.06		
	Date-wise Increase / (Decrease)				
	April 4, 2016# - issue of shares under ESOP	95000	0.11	151000	0.17
	April 22, 2016# - issue of shares under ESOP	50900	0.05	201900	0.22
	April 12-13 & 27, 2016 – (sale)	(42075)	(0.04)	159825	0.18
	August 4, 2016	(15000)	(0.02)	144825	0.16
	December 15 & 26, 2016	(20469)	(0.02)	124356	0.14
	March 10, 2017	(15000)	(0.02)	109356	0.12
	March 24, 2017	(3000)	(0.01)	106356	0.11
	March 27 & 28, 2017	(1500)	-	104856	0.11
	At the End of the year	104856	0.11		

#change in shareholding due to issue of further shares by the Company on April 4, 2016; April 22, 2016; June 24, 2016 and February 21, 2017.

None of the other Directors held any equity shares in the Company during the year under review and as on March 31, 2017.

## II INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment - Nil

## III REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(in Rs.)

Sl. No.	Particulars of Remuneration	Name of Managing Director	Total Amount
		Mr. Sandeep Lakhwara	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	84,00,000	84,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,25,98,500	2,25,98,500
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
2	Stock Option	Please refer 1(b) above	Nil
3	Sweat Equity	Nil	Nil
4	Commission	Nil	Nil
	- as % of profit		
	- others, specify		
5	Others, please specify	Nil	
	<b>Total (A)</b>	3,09,98,500	<b>3,09,98,500</b>

### B. REMUNERATION TO OTHER DIRECTORS:

(in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		K.R. Krishnamurthy (Mr)	Vinod Kumar Gaur (Prof)	Pratima Ram (Ms)	
	<b>1. Independent Directors</b>				
	Fee for attending board / committee meetings	115000	140000	140000	395000
	Commission	Nil	Nil		Nil
	Others, please specify	Nil	Nil		Nil
	Total (1)	115000	140000	140000	395000
	<b>2. Other Non-Executive Directors</b>	Nil	Nil		Nil
	Fee for attending board / committee meetings	Nil	Nil		Nil
	Commission	Nil	Nil		Nil
	Others, please specify	Nil	Nil		Nil
	Total (2)	Nil	Nil		Nil
	<b>Total (B) = (1 + 2)</b>	115000	140000	140000	<b>395000</b>
	Total Managerial Remuneration	115000	140000	140000	395000
	Overall Ceiling as per the Act	The Non-executive Directors have not been paid any remuneration except sitting fee			

## DECCAN GOLD MINES LIMITED

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration			Total
		Company Secretary	CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3990000	3150000	7140000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3150000	2523552	5673552
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Please refer to 1(b) above	Please refer to 1(b) above	
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	- as % of profit			
	- others, specify			
5	Others, please specify	Nil	Nil	Nil
	<b>Total</b>	7140000	5673552	<b>12813552</b>

\*On March 10, 2015 CFO and Company Secretary have each been granted 291,800 stock options under the Deccan Gold Mines Limited ESOP, 2014.

On March 4, 2016 the CFO and Company Secretary have each been granted 145,900 stock options under the Deccan Gold Mines Limited ESOP, 2014 (amended 2016).

### IV PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: - NIL

For and on behalf of the Board

Place : Bengaluru  
Date : September 14, 2017

**Charles E.E. Devenish**  
Chairman  
DIN : 01252091

## ANNEXURE VI - A

DECCAN GOLD MINES LIMITED

ISIN : INE945F01025

## MGT-9 IV. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2015		Transactions during the year		Cumulative Shareholding at the end of the year - 2016	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	National Westminster Bank Plc As Trustee of the Jupiter India Fund	3983355	4.4643			3983355	4.4643
	AT THE END OF THE YEAR					3983355	4.3929
2	GOVIND SUBHASH SAMANT	3195000	3.5807			3195000	3.5235
	Transfer			17 Jun 2016	5000	3200000	3.5484
	Transfer			05 Aug 2016	5000	3205000	3.5496
	Transfer			26 Aug 2016	10000	3215000	3.5606
	Transfer			23 Sep 2016	30000	3245000	3.5939
	Transfer			30 Sep 2016	5000	3250000	3.5994
	Transfer			04 Nov 2016	5000	3255000	3.6049
	Transfer			30 Dec 2016	5000	3260000	3.6105
	Transfer			10 Feb 2017	10000	3270000	3.5496
	Transfer			10 Mar 2017	4817	3274817	3.6115
	AT THE END OF THE YEAR					3274817	3.6115
3	MAHENDRA RATILAL SARVAIYA	2345000	2.6281			2345000	2.6281
	Transfer			08 Apr 2016	(5000)	2340000	2.6034
	Transfer			13 May 2016	(21500)	2318500	2.5709
	Transfer			20 May 2016	(8500)	2310000	2.5615
	Transfer			17 Jun 2016	(8000)	2302000	2.5526
	Transfer			30 Jun 2016	(10000)	2292000	2.5384
	Transfer			22 Jul 2016	(25000)	2267000	2.5107
	Transfer			06 Jan 2017	(20800)	2246200	2.4877
	Transfer			13 Jan 2017	(16200)	2230000	2.4697
	Transfer			17 Feb 2017	(8737)	2221263	2.4601
	Transfer			24 Feb 2017	(14323)	2206940	2.4338
	Transfer			03 Mar 2017	(21440)	2185500	2.4102
	Transfer			24 Mar 2017	(4700)	2180800	2.4050
	Transfer			31 Mar 2017	(15800)	2165000	2.3876
	AT THE END OF THE YEAR					2165000	2.3876
4	DEVIINDER GUPTA	1832791	2.0541			1832791	2.0541
	AT THE END OF THE YEAR					1832791	2.0212
5	ANAND MAHENDRA SARVAIYA	1909889	2.1405			1909889	2.1405
	Transfer			29 Apr 2016	(20000)	1889889	2.0931
	Transfer			15 Jul 2016	(4389)	1885500	2.0882
	Transfer			22 Jul 2016	(26000)	1859500	2.0594
	Transfer			19 Aug 2016	(480)	1859020	2.0589
	Transfer			26 Aug 2016	(25000)	1834020	2.0312

## DECCAN GOLD MINES LIMITED

	Transfer			02 Sep 2016	(5615)	1828405	2.0250
	Transfer			23 Sep 2016	(22746)	1805659	1.9998
	Transfer			30 Sep 2016	(5159)	1800500	1.9941
	Transfer			28 Oct 2016	(7500)	1793000	1.9858
	Transfer			04 Nov 2016	(10500)	1782500	1.9741
	Transfer			25 Nov 2016	(23500)	1759000	1.9481
	Transfer			30 Dec 2016	(14000)	1745000	1.9326
	Transfer			06 Jan 2017	(11500)	1733500	1.9199
	Transfer			13 Jan 2017	(6100)	1727400	1.9131
	Transfer			03 Feb 2017	(14900)	1712500	1.8966
	Transfer			17 Feb 2017	(12000)	1700500	1.8833
	Transfer			24 Mar 2017	(16500)	1684000	1.8571
	Transfer			31 Mar 2017	(3000)	1681000	1.8538
	AT THE END OF THE YEAR					1681000	1.8538
6	MSPL LIMITED	1544499	1.7310			1544499	1.7310
	Transfer			08 Apr 2016	2700	1547199	1.7214
	Transfer			22 Apr 2016	2300	1549499	1.7239
	Transfer			29 Apr 2016	(1000)	1548499	1.7171
	Transfer			06 May 2016	(18000)	1530499	1.6971
	Transfer			13 May 2016	2660	1533159	1.7001
	Transfer			20 May 2016	7200	1540359	1.7081
	Transfer			27 May 2016	2600	1542959	1.7109
	Transfer			03 Jun 2016	5170	1548129	1.7167
	Transfer			17 Jun 2016	(10830)	1537299	1.7047
	Transfer			24 Jun 2016	16000	1553299	1.7203
	Transfer			30 Jun 2016	7450	1560749	1.7285
	Transfer			01 Jul 2016	(27200)	1533549	1.6984
	Transfer			08 Jul 2016	5900	1539449	1.7049
	Transfer			15 Jul 2016	11380	1550829	1.7175
	Transfer			22 Jul 2016	18750	1569579	1.7383
	Transfer			29 Jul 2016	18350	1587929	1.7586
	Transfer			05 Aug 2016	11430	1599359	1.7713
	Transfer			12 Aug 2016	6730	1606089	1.7788
	Transfer			26 Aug 2016	5105	1611194	1.7844
	Transfer			02 Sep 2016	1785	1612979	1.7864
	Transfer			09 Sep 2016	3450	1616429	1.7902
	Transfer			16 Sep 2016	1770	1618199	1.7922
	Transfer			23 Sep 2016	3630	1621829	1.7962
	Transfer			30 Sep 2016	1780	1623609	1.7982
	Transfer			07 Oct 2016	10200	1633809	1.8095
	Transfer			14 Oct 2016	3620	1637429	1.8135
	Transfer			28 Oct 2016	9072	1646501	1.8235
	Transfer			04 Nov 2016	(106322)	1540179	1.7058
	Transfer			11 Nov 2016	(8430)	1531749	1.6964
	Transfer			18 Nov 2016	3970	1535719	1.7008



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	Transfer			25 Nov 2016	350	1536069	1.7012
	Transfer			02 Dec 2016	(8400)	1527669	1.6919
	Transfer			16 Dec 2016	2300	1529969	1.6944
	Transfer			23 Dec 2016	1990	1531959	1.6967
	Transfer			06 Jan 2017	20350	1552309	1.7192
	Transfer			13 Jan 2017	4370	1556679	1.7240
	Transfer			20 Jan 2017	(4649)	1552030	1.7189
	Transfer			27 Jan 2017	(12151)	1539879	1.7054
	Transfer			03 Feb 2017	(9880)	1529999	1.6945
	Transfer			10 Feb 2017	17895	1547894	1.7143
	Transfer			17 Feb 2017	(11950)	1535944	1.7011
	Transfer			24 Feb 2017	(1700)	1534244	1.6920
	Transfer			03 Mar 2017	11472	1545716	1.7046
	Transfer			10 Mar 2017	(7990)	1537726	1.6958
	Transfer			17 Mar 2017	(1480)	1536246	1.6942
	Transfer			24 Mar 2017	(3340)	1532906	1.6905
	Transfer			31 Mar 2017	10669	1543575	1.7023
	AT THE END OF THE YEAR					1543575	1.7023
7	Jupiter South Asia Investment Company Limited - South Asia Access Fund	2231354	2.5008			2231354	2.5008
	Transfer			16 Dec 2016	(12000)	2219354	2.4579
	Transfer			23 Dec 2016	(25500)	2193854	2.4297
	Transfer			20 Jan 2017	(6344)	2187510	2.4227
	Transfer			27 Jan 2017	(37239)	2150271	2.3814
	Transfer			03 Feb 2017	(67822)	2082449	2.3063
	Transfer			10 Feb 2017	(126369)	1956080	2.1664
	Transfer			17 Feb 2017	(173192)	1782888	1.9746
	Transfer			24 Feb 2017	(55000)	1727888	1.9055
	Transfer			03 Mar 2017	(170000)	1557888	1.7181
	Transfer			10 Mar 2017	(126000)	1431888	1.5791
	Transfer			17 Mar 2017	(74000)	1357888	1.4975
	AT THE END OF THE YEAR					1357888	1.4975
8	VIMLA DEVI SONKIA	746359	0.8365			746359	0.8365
	AT THE END OF THE YEAR					746359	0.8231
9	SANDHYA GUPTA	686291	0.7691			686291	0.7691
	AT THE END OF THE YEAR					686291	0.7568
10	SANDEEP LAKHWARA	455000	0.5099			455000	0.5099
	Transfer			08 Apr 2016	(22549)	432451	0.4811
	Transfer			22 Apr 2016	(132451)	300000	0.3338
	Transfer			27 May 2016	250000	550000	0.6099
	Transfer			24 Jun 2016	(25757)	524243	0.5806
	Transfer			30 Jun 2016	(10)	524233	0.5806
	Transfer			08 Jul 2016	(20040)	504193	0.5584
	Transfer			15 Jul 2016	46807	551000	0.6102
	Transfer			07 Oct 2016	(17000)	534000	0.5914

## DECCAN GOLD MINES LIMITED

	Transfer			16 Dec 2016	(65000)	469000	0.5194
	Transfer			03 Mar 2017	(22000)	447000	0.4930
	Transfer			10 Mar 2017	350000	797000	0.8789
	Transfer			24 Mar 2017	(111761)	685239	0.7557
	AT THE END OF THE YEAR					685239	0.7557

Note: 1. Paid up Share Capital of the Company (Face Value Rs. 1.00) at the end of the year is 90677375 Shares.  
 2. The details of holding has been clubbed based on PAN.  
 3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

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**SECRETARIAL AUDIT REPORT**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017**

To

**The Members**

**Deccan Gold Mines Limited**

The Parinee Crescenzo, 803, 8th Flr, Opp. MCA Ground C38-C39,  
G Block, Bandra Kurla Complex, Bandra (E)  
Mumbai 400051

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Deccan Gold Mines Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in Annexure I, for the financial year ended on 31st March, 2017, according to the provisions of:
  - (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - ii. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; and
    - iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:-
  - i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - iii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - iv. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
  - v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
  - vi. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

## DECCAN GOLD MINES LIMITED

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3. Provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investments and External Commercial Borrowings were not applicable to the Company under the financial year under report.
4. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with other Acts, Laws and Regulations applicable specifically to the Company as per the list given in Annexure II.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

None of the members have communicated dissenting views, in the matters / agenda proposed from time to time for consideration of the Board and its Committees thereof, during the year under the report, hence were not required to be captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under report, the Company has not undertaken any event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **RATHI & ASSOCIATES**  
COMPANY SECRETARIES

JAYESH M. SHAH  
PARTNER  
FCS No. 5637  
COP No. 2535

Date: September 14, 2017

Place: Mumbai

Note: This report should be read with our letter of even date which is annexed as Annexure-III and forms an integral part of this report.

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**ANNEXURE - I****LIST OF DOCUMENTS VERIFIED**

1. Memorandum & Articles of Association of the Company;
2. Annual Report for the financial year ended 31st March, 2016;
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee of the Company along with the respective Attendance Registers for meetings held during the financial year under report;
4. Minutes of General Body Meeting held during the financial year under report;
5. Copies of Notice, Agenda and Notes to Agenda circulated to all the directors / members for the Board Meetings and Committee Meetings.
6. Proof of circulation and delivery of notice, agenda and notes to agenda for Board and Committee meetings.
7. Proof of circulation of draft as well as certified signed Board & Committee meetings minutes as per Secretarial Standards.
8. Policies framed by the Company viz:
  - Policy on Related Party Transactions;
  - Whistle Blower Policy;
  - Risk Management Policy;
  - Nomination & Remuneration Policy;
  - Code of Conduct for Independent Directors;
  - Policy for Determination of Material Events;
  - Archival Policy for preservation of documents and
  - Directors Appointment and Evaluation Policy.
9. Statutory Registers viz.
  - Register of Directors & Key Managerial Personnel and their shareholding
  - Register of loans, guarantees and security and acquisition made by the Company (Form No. MBP-2),
  - Register of Contracts with related party and contracts and Bodies etc. in which directors are interested (Form No. MBP-4), and
  - Register of Charge (Form No. CHG-7).
10. Declarations received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2) and Section 149(7) of the Companies Act, 2013;
11. Intimations received from directors and other insiders under the prohibition of Insider Trading Code;
12. E-Forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report;
13. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year under report;
14. Filings made with Reserve Bank of India under the Foreign Direct Investment Guidelines;
15. Documents related to issue of shares under ESOP scheme viz. ESOP scheme, Exercise Forms, Listing applications, Corporate Action Form, etc. filed with the Stock Exchanges and listing approvals received thereon;
16. E-mails evidencing dissemination of information related to closure of Trading window;
17. Internal Code of Conduct for prevention of Insider Trading by Employees / Directors / Designated Persons of the Company;
18. Compliance Certificate placed before the Board of Directors from time to time;
19. Details of Sitting Fees paid to all directors for attending the Board Meetings and Committees.

## ANNEXURE – II

### LIST OF APPLICABLE LAWS TO THE COMPANY

1. Income Tax Act, 1961
2. Finance Act, 1994 (Service Tax)
3. Companies Act, 2013 and Rules thereunder.
4. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
5. SEBI (Prohibition of Insider Trading) Regulations, 2015
6. Foreign Exchange Management Act, 1999 and Rules, Regulations, Policies made thereunder.
7. Cenvat Credit Rules, 2004
8. The Maharashtra State Tax on Professions, Trade, Callings & Employment Act, 1975
9. Employees Provident Funds & Miscellaneous Provisions Act, 1952
10. Employees State Insurance Act, 1948
11. Payment of Wages Act, 1936
12. Payment of Gratuity Act, 1972
13. Payment of Bonus Act, 1965
14. The Bombay Shop & Establishment Act, 1948
15. Foreign Exchange Management (Export of Goods and Services) Regulations, 2000
16. Collection of Statistics Act, 2008(No. 7 of 2009) & Rules framed there under in 2011
17. The Mines and Minerals (Regulation and Development) Act, 1957
18. The Mines Act, 1952
19. The Mines Rules, 1955
20. The Mineral Concession Rules, 1960
21. The Mineral Conservation and Development Rules, 1988
22. Maternity Benefit (Mines) Rules, 1963
23. Mines Rescue Rules, 1985
24. The Forest (Conservation) Act, 1980
25. The Forest (Conservation) Rules, 1981
26. The Karnataka Shops and Commercial Establishments Act, 1961
27. The Karnataka Tax On Professions, Trades, Callings And Employment Act, 1976

ANNEXURE - III

To,

**The Members**

**DECCAN GOLD MINES LIMITED**

Parinee Crescenzo, C38-C39, G Block,

Bandra Kurla Complex, Bandra (East),

Mumbai – 400 051

Our report of even date is to be read along with this letter.

Our report of even date is to be read alongwith this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records base donour audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide are as on able basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The complianceoftheprovisionsofCorporateand otherapplicablelaws,rules,regulations, standards istheresponsibilityof management. Ourexaminationwaslimitedtothe verificationof procedureson test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **RATHI & ASSOCIATES**  
COMPANY SECRETARIES

JAYESH M. SHAH  
PARTNER  
FCS No. 5637  
COP No. 2535

Date: September 14, 2017

Place: Mumbai

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INTRODUCTION

Deccan Gold Mines Limited (“DGML”) is the first and only gold exploration Company listed on the Bombay Stock Exchange Limited (BSE). It was established in the year 2003 by Australian promoters with deep roots in the mining and exploration sector. With a portfolio of green-field and advanced stage gold projects, DGML has been accumulating and developing some of India’s finest gold prospects and is close to bringing into production the first private sector gold mine in the State of Karnataka, South India.

Since inception, DGML / its wholly owned subsidiary Deccan Exploration Services Private Limited (DESPL) have actively pursued gold exploration activities in all of its exploration prospects that resulted in identification of probable gold resources at several locations. DGML & DESPL now have a large portfolio of gold exploration prospects primarily in the State of Karnataka.

The key project of DESPL is the Ganajur Gold Project situated in the State of Karnataka. Apart from this, DGML and DESPL have also got high potential pipeline of Projects that are at various stages of development like Mangalagatti, Bhavihal and Hirenagnur Projects in the State of Karnataka. A comprehensive list of the prospects of DGML and DESPL has been provided under the heading “Status of mineral concession applications”.

Details on the results of DGML’s exploration work has been provided under the heading “Report on Exploration Activities”.

### INDUSTRY REVIEW

Although gold mining dates back to the first millennium BC, in the 20th century, the sector was dominated by the Kolar Gold fields near Bangalore. The Kolar Gold fields produced more than 800 tonnes of gold during its 120 year history before its closure in 2001 (Source: Geological Survey of India portal [www.gsi.gov.in](http://www.gsi.gov.in)). The other significant gold producer is Hutti Gold Mines Limited (fully owned by Government of Karnataka). During the period from 1947-2017, it produced 89.59 tonnes of gold and is currently the only gold producer in India. (Source: [www.huttigold.co.in/hutti/index/huttiatglance](http://www.huttigold.co.in/hutti/index/huttiatglance))

Despite having a long history of gold mining, the current production levels are very low; in 2015 India mined less than 2 tonnes.

This is primarily attributable to:

- Low exploration activity
- Minimal private sector participation particularly in exploration of strategic and deep-seated mineral deposits
- Poor regulatory environment for processing of mineral concession applications.

The industry does, however, have potential. India’s current defined gold reserves total 71.9 tonnes. In addition, 568.5 tonnes of gold is defined in the primary (hard rock) resource category, while 5.9 tonnes has been defined within placer deposits (Source: Ministry of Mines, Government of India, Annual Report 2015).

The gold resources – gold deposits that are potentially economically viable are a lot more geographically diverse. Over 50% of the mineral resources are located in Karnataka; 33% in Rajasthan; 6% in Bihar and 5% in Andhra Pradesh while the remaining 6% are spread across a further eight States (Source: Indian Bureau of Mines Indian Mineral Yearbook 2014).

Over the coming years, as new projects reach their production phase, Indian gold production could grow, albeit from a very low base.

However, the industry also faces significant challenges. For mining to develop in India, regulations need to be reviewed and the industry needs investment.

It is therefore imperative that Government of India should promote and facilitate gold exploration and mining by improving the regulatory environment and fast-tracking grant of mineral concession licences to enable increased gold production in the country.



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**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 “Status of mineral concession applications”.

DGML incurred a total expenditure of ₹ 1427.99 lac (cumulative) on exploration on its prospects as on March 31, 2017. The amount of exploration expenditure (cumulative) incurred as on March 31, 2016 was ₹ 1394.55 lac.

The net loss (after tax) of the company for the year ended March 31, 2017 was ₹ 962.50 lac compared to ₹ 689.54 lac for the year ended March 31, 2016.

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**

The Company is engaged in the business of gold exploration and mining, but has not commenced mining operations. Our exploration and mining activities depend on the timely grant, renewal and continuance in force of mineral concession licences. Other risks include actual resources differing from estimates, operational delays and availability of equipment, personnel and infrastructure.

Stakeholders should be aware that a number of important factors could cause actual results to differ materially from our plans, objectives, expectations, estimates and intentions. These factors include, but are not limited, to:

- (a) General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- (b) Increasing competition in or other factors affecting the industry segment in which our Company operates;
- (c) Changes in laws and regulations relating to the industry in which we operate;
- (d) Our ability to meet our capital expenditure requirements and / or increase in capital expenditure;
- (e) Fluctuations in operating costs and impact on the financial results;
- (f) Our ability to attract and retain qualified personnel;
- (g) Changes in technology in future;
- (h) Changes in political and social conditions in India or in countries that we may enter, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- (i) The performance of the financial markets in India and globally; and
- (j) Any adverse outcome in the legal proceedings in which we are involved.

All the above factors notwithstanding, the 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**

Despite India being one of the world’s largest consumers of gold (between 2000 and 2015, India officially imported 10,345 tonnes of gold bullion ~ Source : Indian Customs; Metals Focus; World Gold Council)), until recently there had been no real policy push to promote indigenous mining. A few private and locally listed companies started up after legislation was passed allowing private players into the industry. But it is not an easy market to enter and survive; in some cases companies have been waiting for years for permit approval. As a result, there has been limited investment in gold exploration over the past decade, particularly from the private sector.

During 2015 / 2016, the Indian Parliament approved an amendment to the Mines and Minerals (Development & Regulation) Act, 1957 (“MMDR”) which allowed private companies to bid for mining leases via a competitive auction process and proposed that mining leases for major minerals to be granted for a period of 50 years, compared with the previous 30-year limit. Further amendments were also accepted, under which transfer of captive mining blocks could be allowed without need for auction.

## DECCAN GOLD MINES LIMITED

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The National Minerals Exploration Policy (NMEP) approved in June 2016 is designed to similarly stimulate mining exploration. The policy allows private companies to enter into a transparent bidding process, conducted via e-auction, to carry out exploration of mineral-bearing areas. The Company submitting the winning bid would be entitled to a share of the royalty paid to the relevant State Government. This policy, aimed at accelerating exploration activity, opens the way for the auction of 100 prospective mineral blocks (Source: World Gold Council Report titled 'India's Gold Market: Evolution and Innovation')

On August 2, 2017 the Hon'ble Supreme Court of India while delivering its Judgment in Writ Petition (Civil) No. 114 of 2014, inter-alia, directed the Union of India to revisit the National Mineral Policy 2008 and announce a fresh and more effective, meaningful and implementable policy before December 31, 2017. Accordingly, the Ministry of Mines, Government of India vide its Notification dated August 14, 2017 has constituted a Committee comprising Government and industry representatives to suggest a new national mineral policy to the Government. The terms of reference of this Committee inter-alia is 'to examine and make recommendations for development of strategic minerals' and 'to examine and review fiscal aspects conducive to the promotion of mineral exploration and development, including beneficiation and other forms of product refinement'. The Committee has a deadline of October 31, 2017 to submit its Report to the Government. (Source: Ministry of Mines, Government of India website [www.mines.nic.in](http://www.mines.nic.in)).

Although the recent developments bode well in terms of helping India's mining sector to realize its potential, a number of progressive steps would boost domestic gold production as well as encourage the wider mining sector.

State and Central Government agencies should simplify the permitting process, perhaps with the introduction of a single window clearance system. At present, mineral concession applications have to be signed off by a large number of departments and different ministries which can make the processes very lengthy. It is not uncommon for a licence to require approval from at least 15 to 20 different authorities. Reducing the time and paper work required to obtain permits would lower the cost of bringing a new mine into production.

The mining sector needs funds to grow. Central and State Government should incentivise investment within the sector as well as ancillary sectors that support the mining industry.

Making gold mining a strategic sector and bringing it under the 'Infrastructure Category' would provide tax breaks for investors. This would enhance investment into the industry.

In its 12th Five Year Plan (2012-2017) formulated in 2011, a Government of India Working Group outlined that with adequate investment, annual gold production could be as high as 70 tonnes by 2030. While this may be ambitious, it does highlight the desire to grow India's gold production.

It will be interesting to note that in the 11th Five Year Plan (2007 document), it was noted that small and isolated deposits of gold are scattered all over India. Many of them are ancient mine workings some of which were reopened and mined by the British. Many of these old mines could be turned into small and ultra small mineable gold reserves through detailed drilling, sampling and metallurgical studies. There are over 400 such old and ancient gold mine workings spread over 15 States in the country which could be brought into production provided the Government legislates to incentivize gold exploration and mining.

Gold mining can provide significant sustainable socio-economic development for India. Apart from the investment required to explore and mine for gold, it leaves a legacy of a skilled workforce. Furthermore, mining helps bring infrastructure investment to a region and helps initiate and support associated service industries all of which persist long beyond the working life of the mine.

The 'Social and Economic Impacts of gold mining' published in 2015 showed that 70% of the total expenditure by gold producing companies was via payments to local suppliers and contractors as well as wages to employees. This highlights the important impact even a small gold operation can have on its community.

Given that India is one of the World's largest gold consuming countries, it makes sense for it to develop mining capacity. For this to happen, changes need to be made. Bureaucracy needs to be reduced and investment encouraged.

To sum up, if a proper blend of strategy and policy is adopted, which is attractive, stable and long-term, India's gold production could grow from its current low level.

### **ADEQUACY OF INTERNAL CONTROL**

The Company has in place adequate internal control systems commensurate with its size and operations, 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.

**REPORT ON CORPORATE GOVERNANCE****FOR THE YEAR ENDED AND AS ON MARCH 31, 2017**

Your Directors are pleased to present the Companies Report on Corporate Governance in compliance with the Corporate Governance provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations 2015').

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate governance is the system of rules, practices and processes by which a Company is directed and controlled. Corporate governance essentially involves balancing the interests of a Company's many stakeholders such as shareholders, management, customers, suppliers, financiers, government and the community. Since corporate governance also provides the framework for attaining a Company's objectives, it encompasses practically every sphere of management from action plans and internal controls to performance measurement and corporate disclosure.

Your Company's management and Board of Directors are committed to ensure good corporate governance standards and disclosure practices in its operations.

**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 March 31, 2017, the Board comprised 5 Directors of which one is an Executive Director and the other 4 are Non Executive Directors. Out of the 4 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 is well-balanced with members from diverse backgrounds who have long experience and expertise in their respective fields.

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

Name of the Director	Designation	Category of Directorship	No. of other Directorships	No. of other Committee Memberships #	
				Chairman	Member
Mr. Charles E.E. Devenish	Chairman	Non-Independent, Non-Executive	3	Nil	Nil
Mr. Sandeep Lakhwara	Managing Director	Executive	Nil	Nil	Nil
Mr. K.R. Krishnamurthy	Director	Non-Executive, Independent	1	Nil	Nil
Prof. V.K. Gaur	Director	Non-Executive, Independent	Nil	Nil	Nil
Ms. Pratima Ram	Director	Non-Executive, Independent	9	Nil	2

**# 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 Stakeholders Relationship Committee have been considered.
- There are no inter-se relationships amongst the directors.

**b) Reappointment of Directors**

Detailed profile of Mr Charles E.E. Devenish, liable to retire by rotation and who being eligible has offered himself for re-appointment is furnished along with the Notice convening the ensuing Annual General Meeting.

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

Six Board Meetings were held during the financial year 2016-17. These meetings were held on May 18, 2016; August 1, 2016; September 10, 2016; November 3, 2016; November 19, 2016; and February 14, 2017.

**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 September 28, 2016 are as follows:

Name of the Director	No. of Board Meetings attended	Attendance at the last Annual General Meeting (Yes / No)
Mr. Charles E.E. Devenish	6	Yes
Mr. Sandeep Lakhwara	6	Yes
Mr. K.R. Krishnamurthy	5	No
Prof. V.K. Gaur	6	No
Ms. Pratima Ram	6	Yes

**Separate meeting of Independent Directors**

A separate meeting of Independent Directors was held on February 14, 2017 which was attended by all of them.

**Code of conduct**

The Code for Conduct for Directors and Senior Management is in force and the said Code is also posted on the Company's website.

**3. AUDIT COMMITTEE****a) Brief description of terms of reference and powers:**

- (i) The recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- (ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- (iii) Examination of the financial statement and the auditors' report thereon.
- (iv) Approval or any subsequent modification of transactions of the Company with related parties.
- (v) Scrutiny of inter-corporate loans and investments.
- (vi) Valuation of undertakings or assets of the Company, wherever it is necessary. Evaluation of internal financial controls and risk management systems.
- (vii) Monitoring the end use of funds raised through public offers and related matters.
- (viii) 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;
- (ix) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- (x) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - 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.
- (xi) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- (xii) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated

## DECCAN GOLD MINES LIMITED

in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

- (xiii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- (xiv) 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.
- (xv) Discussion with internal auditors of any significant findings and follow up there on.
- (xvi) 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.
- (xvii) 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.
- (xviii) 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.
- (xix) To review the functioning of the Whistle Blower mechanism.
- (xx) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including observations of the auditors and review of financial statement before their submission to the Board and may discuss any related issues with the internal and statutory auditors and the management of the Company.

The Audit Committee shall also have authority to investigate into any matters specified under (ii) to (viii) above or such other matters referred to it by the Board and for this purpose shall have the power to obtain professional advice from external sources and have full access to information contained in the records of the company.

The auditors of the Company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditors' report but shall not have the right to vote.

### **b) Composition, name of members & Chairperson**

As of March 31, 2017 the Committee had 3 Non Executive Directors as its members, all of whom are Independent Directors. All the members of the Committee are financially literate. The Chairman of the Committee is an Independent Director and is the member with accounting or related financial management expertise.

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

Name of member	Designation
Ms Pratima Ram	Chairman
Mr K.R. Krishnamurthy	Member
Prof V.K. Gaur	Member

### **c) Meetings and attendance during the year**

Four meetings of the Audit Committee were held during the financial year 2016-17. These meetings were held on May 18, 2016; August 1, 2016; November 3, 2016 and February 14, 2017.

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

Name of Member	No. of Meetings Attended
Ms Pratima Ram	4
Mr K.R. Krishnamurthy	3
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.
- e) The Chairman of the Audit Committee was present at the last Annual General Meeting held on September 30, 2016.

#### 4. NOMINATION & REMUNERATION COMMITTEE

##### a) Brief Description of terms of reference

Although a non-mandatory requirement, the Company has constituted a Remuneration Committee and the name of the Committee was changed to Nomination and Remuneration Committee. This Committee functions as the Compensation Committee / Nomination & Remuneration Committee under the supervision and control of the Board of Directors in accordance with the applicable SEBI Guidelines and for the purposes of Section 178 of the Companies Act, 2013.

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 of member	Designation
Mr K.R. Krishnamurthy	Chairman
Ms Pratima Ram	Member
Prof V.K. Gaur	Member

##### c) Attendance during the year

The Nomination & Remuneration Committee met four times during the year viz., April 4, 2016; April 22, 2016; June 24, 2016; and February 21, 2017 for issue of shares upon exercise of stock options. All the members of the Committee attended the above 4 meetings.

##### 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, 2013.

Details of the sitting fee paid to Non Executive Directors during the year 2016-17 is as under:

Name of the Director / Member	Sitting Fees paid for attending meetings of (In ₹)	
	Board	Audit Committee
Ms Pratima Ram	1,20,000	20,000
Mr K.R. Krishnamurthy	1,00,000	15,000
Prof V.K. Gaur	1,20,000	20,000
<b>Total</b>	<b>3,40,000</b>	<b>55,000</b>

## DECCAN GOLD MINES LIMITED

### iii) Executive Directors

Mr. Sandeep Lakhwara is the only Executive Director of the Company. The aggregate of the salary paid in the financial year 2016 – 17 to Mr. Sandeep Lakhwara, Managing Director is ₹ 84,00,000/-. The said remuneration was paid as per the approval of shareholders of the Company.

Mr Sandeep Lakhwara was granted 1,500,000 stock options under the Deccan Gold Mines Limited ESOP 2014 and 750,000 stock options under the Deccan Gold Mines Limited ESOP 2014 (Amended 2016).

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

### a) Chairman of 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 four times during the financial year 2016-16. These meetings were held on May 18, 2016; August 1, 2016; November 3, 2016 and February 14, 2017.

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

Name of Director	Designation	No. of Meetings Attended
Mr K.R. Krishnamurthy	Chairman	3
Mr Sandeep Lakhwara	Member	4
Ms Pratima Ram	Member	4

### b) Compliance Officer

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

### c) Shareholder Complaints

During the financial year 2016 – 17, the Company did not receive any investor complaints. 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
2013-14	30/12/2014	2.30 pm	Banquet Room, Ground Floor, West End Hotel, 45 New Marine Lines, Mumbai 400 020
2014-15	30/12/2015	2.30 pm	Banquet Room, Ground Floor, West End Hotel, 45 New Marine Lines, Mumbai 400 020
2015-16	28/09/2016	2.00 pm	Boundary Hall, 1st Floor, Mumbai Cricket Association Recreation Centre, RG-2, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051



**ii) Special Resolutions during previous three Annual General Meetings:**

Date of AGM	Particulars of Special Resolutions Passed
December 30, 2014	Variation in the terms and conditions of the appointment of Mr. Sandeep Lakhwara, Managing Director.
December 30, 2014	Introduction of Deccan Gold Mines Limited Employee Stock Option Scheme, 2014.
December 30, 2014	Grant of stock options under the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014 to Managing Director in excess of 1% of the paid-up capital of the Company in a year.
December 30, 2014	Extension of the coverage and benefits of the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014 to the eligible employees of current and future holding / subsidiary companies
September 28, 2016	Reappointment of Mr Sandeep Lakhwara as Managing Director for a period of 2 years with effect from May 1, 2016

(iii) During the financial year 2016-17, no resolutions were passed through Postal Ballot.

(iv) During the reporting period, no Extra-Ordinary General Meeting was convened.

**7. DISCLOSURES**

- The Company did not have any related party transactions, i.e. transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the Notes to Accounts in the financial statements as at March 31, 2017.
- 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 Regulation 17 to 27 and Regulation 46 (2) (b) to (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- There is no non compliance with any requirement of Corporate Governance Report.
- Disclosures with respect to discretionary requirements - the Company has not implemented the non-mandatory / discretionary requirements as prescribed pursuant to Regulation 27(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**8. MEANS OF COMMUNICATION**

- The quarterly results are published in leading English and Marathi newspapers generally in Business Standard and Mumbai Lakshadeep Further, they are also submitted to the BSE Limited upon their approval by the Board of Directors and are available on the website of BSE Limited ([www.bseindia.com](http://www.bseindia.com)).
- The website of the Company ([www.deccangoldmines.com](http://www.deccangoldmines.com)) also displays 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	Monday, November 27, 2017
Time	3.00 p.m.
Venue	Boundary Hall, 1st Floor, Mumbai Cricket Association Recreation Centre,

## DECCAN GOLD MINES LIMITED

	RG-2, G Block, Bandra-Kurla Complex, Bandra (East),
	Mumbai 400051

### ii. Financial Year:

The Company follows April-March as its financial year. The audited financial results (stand alone and consolidated) for the year ended March 31, 2017, has been published by the Company upon approval of the Audit Committee and Board of Directors of the Company at their meeting held on May 23, 2017. Further, the unaudited financial results for the quarter ended June 30, 2017 has been published by the Company upon approval of the Audit Committee and Board of Directors of the Company at their meeting held on August 12, 2017.

The financial calendar would be as under:

Unaudited financial results for quarter / half-year ending	Reporting Date (tentative)
September 30, 2017	By November 14, 2017
December 31, 2017	By February 14, 2018
March 31, 2018	By May 31, 2018
Annual General Meeting for the year ending March 31, 2018	By September 30, 2018

### iii. Date of Book Closure

November 17, 2017 (Friday) to November 27, 2017 (Monday) - both days inclusive

### iv. Dividend Payment Date

Not applicable

### v. Listing on Stock Exchanges

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

### vi. Stock Code

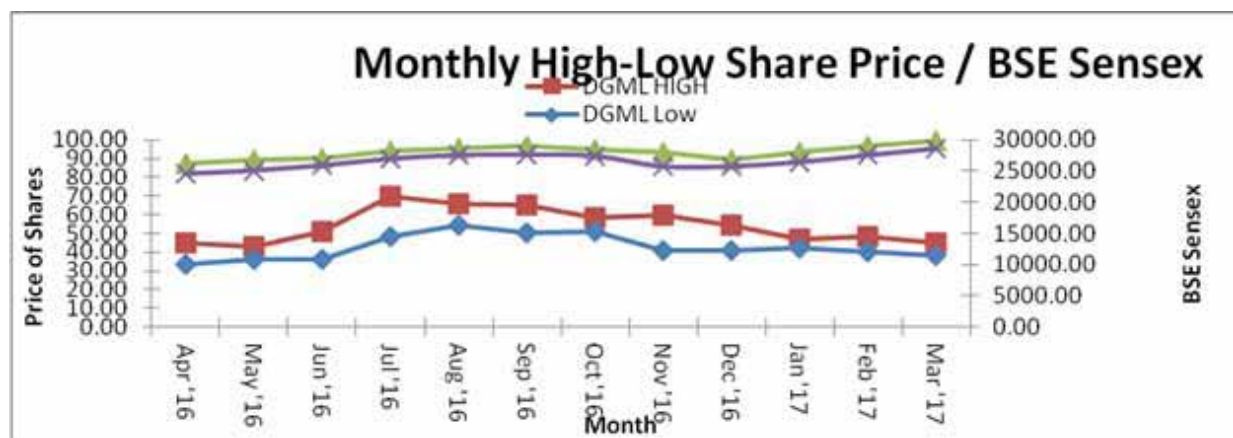
512068 (BSE)

### 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	High	Low	BSE High	BSE low
April 2016	44.85	33.50	26100.54	24523.20
May 2016	43.00	36.10	26837.20	25057.93
June 2016	51.00	36.10	27105.41	25911.33
July 2016	69.90	48.00	28240.20	27034.14
August 2016	65.55	54.60	28532.25	27627.97
September 2016	64.95	50.50	29077.28	27716.78
October 2016	58.45	51.10	28477.65	27488.30
November 2016	59.75	41.00	28029.80	25717.93
December 2016	54.00	40.55	26803.76	25753.74
January 2017	47.00	41.85	27980.39	26447.06
February 2017	48.50	40.20	29065.31	27590.10
March 2017	45.00	38.15	29824.62	28716.21

## viii. Performance in relation to broad based indices of BSE Sensex



## ix. Registrar and Transfer Agents

Link Intime India Private Limited  
 C 101, 247 Park,  
 LBS Marg, Vikhroli West,  
 Mumbai – 400 083  
 Tel : 91-22-49186000  
 Fax : 91-22-49186060  
 Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@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.

## DECCAN GOLD MINES LIMITED

### xi. Shareholding Pattern & Distribution of Shareholding

#### (a) Shareholding Pattern (as at March 31, 2017)

Sr. No.	Category	No. of Shares held	%
1	Promoter Group	25471252	28.09
2	Foreign Portfolio Investors (Corporate)	5341243	5.89
3	Bodies Corporate	4499864	4.96
4	Individual public shareholders holding share capital up to ₹ 2 lacs	32058445	35.35
5	Individual public shareholders holding share capital in excess of ₹ 2 lacs	12749336	14.06
6	Non Resident Indians (Repatriable)	6529203	7.20
7	Non Resident Indians (Non-Repatriable)	564777	0.62
8	HUF	1940825	2.14
9	Clearing Members	837191	0.93
9.	Directors / Relatives	685239	0.76
	<b>Total</b>	<b>90677375</b>	<b>100.00</b>

#### (b) Distribution of Shareholding (as at March 31, 2017)

Shareholding of Nominal Value (₹)	No. of Shareholders	% of Total	Shares	% of Total
1 - 500	15865	69.34	2971090	3.28
501 - 1000	2765	12.08	2326727	2.56
1001 - 2000	1674	7.32	2614575	2.88
2001 - 3000	670	2.93	1729787	1.91
3001 - 4000	342	1.49	1240261	1.37
4001 - 5000	311	1.36	1459358	1.61
5001 - 10000	560	2.45	4204408	4.64
10001 and above	693	3.03	74131169	81.75
<b>TOTAL</b>	<b>22880</b>	<b>100.00</b>	<b>90677375</b>	<b>100.00</b>

### xii. Dematerialisation of Shares and Liquidity

About 99.86% of the shares have been dematerialized as on March 31, 2017. The equity shares of the Company are traded at BSE Ltd. (BSE).

### xiii. Details of Shares held by Non-Executive Directors as on March 31, 2017

Sr. No.	Name of the Non-Executive Director	No. of Shares held
1	Mr. Charles E.E. Devenish	Nil
2	Mr. K.R. Krishnamurthy	Nil
3	Prof V.K. Gaur	Nil
4	Ms Pratima Ram	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 March 31, 2016. However, details of the stock options granted, vested, exercised and outstanding at the end of the year that were issued under the Deccan Gold Mines Limited ESOP 2014 and DGML ESOP 2014 (amended 2016) are given in the Annexure to the Directors' Report forming part of the Annual Report for the year 2016-17.

**xv. Plant locations**

The Plant Locations are NIL. The Company does not have any manufacturing activities.

**xvi. Address for Correspondence:**

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

Link Intime India Private Limited  
C 101, 247 Park, LBS Marg, Vikhroli West,  
Mumbai – 400 083  
Tel : 91-22-49186000  
Fax : 91-22-49186060  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**For general correspondence**

**Deccan Gold Mines Limited,**  
No. 5, 19th Main Road, 4th Sector,  
HSR Layout, Bengaluru 560102  
Tel : 91-80-6715 5700 & Fax : 91-80-6715 5701  
e-mail : [info@deccangoldmines.com](mailto:info@deccangoldmines.com)

Neither the Company nor the Registrars have any undelivered equity share certificate (s) lying with them.

Disclosures with respect to demat suspense account/ unclaimed suspense account - Nil

**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 have 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.

**11) Other disclosures:****Whistle Blower / Vigil Mechanism Policy**

The Company has implemented the whistle blower policy.

**Performance Evaluation:**

Details are furnished in the Annexure IV to the Director's Report.

**Familiarization Programme for Independent Directors**

The Independent Directors are provided with all the requisite information and updates with regard to the gold exploration and mining industry and other regulatory updates from time to time.

**Material Subsidiaries:**

As per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company does not have any material subsidiary.

**CODE OF CONDUCT DECLARATION**

Pursuant to Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,, 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.

Sandeep Lakhwara  
Managing Director

Place: Bengaluru  
Date: September 14, 2017

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**PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE**

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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 March 31, 2017 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (w.e.f 1st December, 2015) with the Stock Exchanges.

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 Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements ) Regulations, 2015.

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 **RATHI & ASSOCIATES**  
COMPANY SECRETARIES

Place : Mumbai  
Date : September 14, 2017

HIMANSHU S. KAMDAR  
PARTNER  
FCS No. 5171

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Deccan Gold Mines Limited,

### **REPORT ON THE STANDALONE FINANCIAL STATEMENTS**

We have audited the accompanying standalone financial statements of **Deccan Gold Mines Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made there under. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- (b) In the case of statement of Profit and Loss, of the Loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



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**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The standalone financial statements dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) rules, 2014 (as amended);
  - e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164(2) of the Act;
  - f) We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 23rd May 2017 as per annexure- II expressed.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us;
    - i) The company does not have any pending litigations which would impact its financial position in its standalone financial statements
    - ii) The company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.
    - iv) The company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with of books of accounts maintained by the company. Refer Note 27 to the standalone financial statements.

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

CHARTERED ACCOUNTANTS

FIRM REGN NO 101083W

CA K.V. BESWAL

PARTNER

Membership Number: 131054

Place : Mumbai

Dated : May 23, 2017

## DECCAN GOLD MINES 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, quantitative details and situation of its fixed assets.
  - b) The fixed assets have been physically verified by the management at reasonable intervals during the year. We are informed that no material discrepancies were noticed by the management on such verification.
  - c) The Company does not have any immovable properties.
2. Based on our scrutiny of the company's books of accounts and other records and according to the information and explanations given to us, we are of the opinion that the company has not purchased/sold goods during the year nor is there any opening stocks, therefore, requirement on reporting on physical verification of stocks or maintenance of inventory records, in our opinion, does not arise.
3. The Company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. The Company has not made any investment, granted any loans, provided any guarantees or security during the year, therefore comments under this clause has not been called for.
5. According to the information and explanations given to us, the Company has not accepted any deposits from public.
6. As informed to us, the Central Government has not prescribed the maintenance of Cost records under section 148 of the Companies Act, 2013 for any of the activities of the company.
7. In respect of Statutory Dues:
  - (a) According to record of the Company produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it.
  - (b) According to the information and explanations given, no undisputed amounts payable in respect of Income-Tax, sales tax, wealth tax, service tax, customs duty, excise duty/cess were outstanding as at 31.03.2017 for a period of more than six months from the date they became payable.
  - (c) According to the records of the company there are no dues of Income-Tax, sales tax, wealth tax, service tax, customs duty, excise duty/cess which have not been deposited on account of any dispute
8. As per the information and explanations given to us the company has not obtained any loan from any financial institutions or banks and issued debentures.
9. According to the records of the Company, the Company has utilized the money raised by way of right issue for the purpose for which it was raised.
10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
11. According to the records of the Company, the Managerial Remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not a Nidhi Company. Hence, in our opinion, the requirements of para3 (xii) of the Order do not apply to the company.
13. According to the information and explanations given to us, the Company in respect to transactions with related parties has complied provisions of sections 177 and 188 of Companies Act, 2013 and has disclosed all particulars in Financial Statements.

14. The company has not made any preferential allotment or private placement of shares, therefore comments under this clause are not called for
15. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company has not entered into any non-cash transaction with directors or persons connected with him and no provisions of section 192 have been contravened.
16. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

CHARTERED ACCOUNTANTS

FIRM REGN NO 101083W

CA K.V. BESWAL

PARTNER

Membership Number: 131054

Place : Mumbai

Dated : May 23, 2017

## ANNEXURE II

### **Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the standalone financial statements of **Deccan Gold Mines Limited** ("the Company") as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

#### **Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the criteria being specified by management. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

#### **Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that :
  - (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
  - (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any

evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion :**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the criteria being specified by management.

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

CHARTERED ACCOUNTANTS

FIRM REGN NO 101083W

CA K.V. BESWAL

PARTNER

Membership Number: 131054

Place : Mumbai

Dated : May 23, 2017

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2017

(Amount in '000)

Particulars	Note No.	As at 31-03-2017	As at 31-03-2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share capital	1	90,677	89,227
(b) Reserves and surplus	2	2,74,302	3,21,409
(c) Employee Stock Option Outstanding		72,720	40,953
(d) Share Application Money		3,248	4,576
		<b>4,40,947</b>	<b>4,56,165</b>
<b>Non-current liabilities</b>			
(a) Long-term provisions	3	1,654	1,427
		<b>1,654</b>	<b>1,427</b>
<b>Current liabilities</b>			
(a) Trade payables		-	-
(b) Other current liabilities	4	7,287	5,558
		<b>7,287</b>	<b>5,558</b>
<b>TOTAL (I)</b>		<b>4,49,887</b>	<b>4,63,150</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets	5		
(i) Tangible Assets		153	203
(ii) Intangible Assets		78	161
(iii) Capital Work-in-Progress		-	-
(b) Non-Current Investments	6	3,54,182	3,54,182
(c) Other Non-Current Assets	7	6,817	6,817
		<b>3,61,230</b>	<b>3,61,363</b>
<b>Current assets</b>			
(a) Trade Receivable	8	-	7,543
(b) Cash and Cash Equivalents	9	77,749	81,540
(c) Short-term Loans and Advances	10	10,486	12,018
(d) Other Current Assets	11	423	686
		<b>88,657</b>	<b>1,01,787</b>
<b>TOTAL (II)</b>		<b>4,49,887</b>	<b>4,63,150</b>

Notes are integral part of the Balance Sheet and Profit & Loss Account 1A

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

**Charles E.E.Devenish**

Chairman

**Sandeep Lakhwara**

Managing Director

Place : Mumbai

Dated : May 23, 2017

**K Karunakaran**

Chief Finance Officer

**S. Subramaniam**

Company Secretary

Place : Bengaluru

Dated : May 23, 2017

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

(Amount in '000)

Particulars	Note No.	For the year ended 31-03-2017	For the year ended 31-03-2016
Other Income	12	4,859	3,459
<b>Total Revenue</b>		<b>4,859</b>	<b>3,459</b>
<b>Expenses:</b>			
Employee benefits expenses	13	84,736	56,433
Finance costs	14	25	140
Depreciation and amortization expenses	5	184	306
Other expenses	15	16,165	15,534
<b>Total expenses</b>		<b>1,01,109</b>	<b>72,413</b>
<b>Loss before extraordinary items and tax</b>		<b>(96,250)</b>	<b>(68,954)</b>
Extraordinary Items		-	-
Prior year adjustments		-	-
<b>Loss before tax</b>		<b>(96,250)</b>	<b>(68,954)</b>
Tax expense:			
(1) Current tax		-	-
<b>Loss for the period</b>		<b>(96,250)</b>	<b>(68,954)</b>
Earnings per equity share: Basic (in ₹)		-1.07	-0.97
Earnings per equity share: Diluted (in ₹)		-1.04	-0.93

Notes are integral part of the balance sheet &amp; profit &amp; loss account 1A

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

**Charles E.E.Devenish**  
Chairman

**Sandeep Lakhwara**  
Managing Director

Place : Mumbai  
Dated : May 23, 2017

**K Karunakaran**  
Chief Finance Officer

**S. Subramaniam**  
Company Secretary

Place : Bengaluru  
Dated : May 23, 2017

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### Note : 1 Share Capital

A	Particulars	As at 31 March 2017		As at 31 March 2016	
		Numbers	₹ ('000)	Numbers	₹ ('000)
	<b>Authorised</b>				
	Equity Shares of ₹ 1 each	25,00,00,000	2,50,000	25,00,00,000	2,50,000
		<b>25,00,00,000</b>	<b>2,50,000</b>	<b>25,00,00,000</b>	<b>2,50,000</b>
	<b>Issued, Subscribed &amp; Fully Paid up</b>				
	Equity Shares of ₹ 1 each	9,06,77,375	90,677	8,92,27,375	89,227
	<b>Total</b>	<b>9,06,77,375</b>	<b>90,677</b>	<b>8,92,27,375</b>	<b>89,227</b>

#### B Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares			
	As at 31 March 2017		As at 31 March 2016	
	Numbers	₹ ('000)	Numbers	₹ ('000)
At the beginning of the year	8,92,27,375	89,227	5,92,18,250	59,218
Add : Shares Issued on exercise of Employee Stock Options	14,50,000	1,450	4,00,000	400
Add: Shares issued by way of Right issues	-	-	2,96,09,125	29,609
<b>At the end of the year</b>	<b>9,06,77,375</b>	<b>90,677</b>	<b>8,92,27,375</b>	<b>89,227</b>

#### C Shares held by holding company / ultimate holding company and/or their subsidiaries/associates

Particulars	Nature of Relationship	As at 31 March 2017	As at 31 March 2016
Equity Shares		NIL	

#### D Detail of shareholders holding more than 5% of shares in the company

Name of Shareholder	Equity Shares			
	As at 31 March 2017		As at 31 March 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Rama Mines (Mauritius) Limited	2,54,71,252	28.09	2,59,94,641	29.13

E (1) During the financial year 2014-15, the Company had granted 30,00,000 stock options to the eligible employees (15,00,000 options on 14 January, 2015 and 15,00,000 options on 10 March, 2015) under the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014. These options have been granted at a price of ₹ 7/- per option plus all applicable taxes. The options would vest over a period of 2 years (post a lock-in period of 1 year from the date of grant) as decided by the Nomination & Remuneration Committee from the date of grant based on specified criteria. Out of 15,00,000 stock options vested during 2015-16, 4,00,000 stock options have been exercised on 17th February 2016.

(2) During the financial year 2015-16, the Company had granted stock options to the eligible employees (15,00,000 options on 4th March, 2016) under the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014. These options have been granted at a price of ₹ 7/- per option plus all applicable taxes. The options would vest over a period of 1 year as decided by the Nomination & Remuneration Committee from the date of grant based on specified criteria.



**F. Aggregate numbers of shares issued as fully paid up for consideration other than cash, bonus shares issued and shares bought back during the period of 5 years immediately preceding the reporting date.**

Particulars	Aggregate No. of Shares (for last 5 Financial Years)
<b>Equity Shares :</b>	
Fully paid up pursuant to contract(s) without payment being received in cash	NIL
Fully paid up by way of bonus shares	NIL
Shares bought back	NIL

**Note - 2 : Reserve and surplus**

Amount ₹ ('000)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>a. Capital Reserves</b>		
Opening Balance	16,726	16,726
(+)/(-) Transfer	-	-
Closing Balance	16,726	16,726
<b>b. Securities Premium Account</b>		
Opening Balance	5,95,990	1,09,943
(+) on allotment of Equity Shares	52,485	4,90,966
(-) Right Issue Expenses	-	4,918
Closing Balance	6,48,475	5,95,990
<b>c. Profit &amp; Loss Account</b>		
Opening balance	(1,51,853)	(82,899)
(+ ) Net Loss For the current year	(96,250)	(68,954)
Closing Balance	(2,48,103)	(1,51,853)
<b>d. Preoperative Expenses</b>		
Opening balance	(1,39,455)	(1,36,805)
(+) Incurred during the year	(3,343)	(2,650)
Closing Balance	(1,42,799)	(1,39,455)
<b>Total (a+b+c+d)</b>	<b>2,74,302</b>	<b>3,21,409</b>

**Note - 3 : Long Term Provisions**

Particulars	As at 31 March 2017	As at 31 March 2016
Provision for Gratuity	1,654	1,427
	<b>1,654</b>	<b>1,427</b>

**Note - 4 : Other Current Liabilities**

Particulars	As at 31 March 2017	As at 31 March 2016
(i) Statutory dues	5,001	5,348
(ii) other liability	2,286	210
<b>Total</b>	<b>7,287</b>	<b>5,558</b>

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## Note 5 : Fixed Assets

(Amount in '000)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block (WDV)	
	Balance as at 01-04-2016	Additions	Disposals	Balance as at 31-03-2017	Balance as at 01-04-2016	For the year	Written back	Balance as at 31-03-2017	Balance as at 31-03-2017	Balance as at 31-03-2016
<b>Tangible Assets :</b>										
Land - Lease hold	-	-	-	-	-	-	-	-	-	-
Plant and Equipment	1,138	23	-	1,161	1,049	33	-	1,082	79	89
Vehicles	502	-	-	502	502	-	-	502	-	-
Computer	274	-	-	274	269	2	-	271	3	5
Furniture and Fixtures	563	-	-	563	563	-	-	563	-	-
Office equipment	527	27	-	554	418	66	-	484	70	109
<b>Total</b>	<b>3,005</b>	<b>50</b>	<b>-</b>	<b>3,055</b>	<b>2,801</b>	<b>101</b>	<b>-</b>	<b>2,902</b>	<b>153</b>	<b>203</b>
<b>Intangible Assets :</b>										
Computer software	396	-	-	396	233	83	-	316	78	161
<b>Total</b>	<b>396</b>	<b>-</b>	<b>-</b>	<b>396</b>	<b>233</b>	<b>83</b>	<b>-</b>	<b>316</b>	<b>78</b>	<b>161</b>
<b>Capital Work In Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Intangible assets under Development</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,401</b>	<b>50</b>	<b>-</b>	<b>3,451</b>	<b>3,034</b>	<b>184</b>	<b>-</b>	<b>3,218</b>	<b>231</b>	<b>364</b>
<b>Previous Year</b>	<b>3,320</b>	<b>81</b>	<b>-</b>	<b>3,401</b>	<b>2,729</b>	<b>306</b>	<b>-</b>	<b>3,034</b>	<b>364</b>	

## Note - 6 : Non-current investments

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Investments in Subsidiary Company:</b>		
13000 (10000) fully paid equity shares of ₹ 10/- each of Deccan Exploration Services Pvt Ltd	3,54,182	3,54,182
<b>Total</b>	<b>3,54,182</b>	<b>3,54,182</b>

## Note - 7 : Other Non-current Assets

Particulars	As at 31 March 2017	As at 31 March 2016
Security Deposits	6,817	6,817
<b>Total</b>	<b>6,817</b>	<b>6,817</b>

## Note - 8 : Trade Receivable

Particulars	As at 31 March 2017	As at 31 March 2016
Unsecured, considered good		
Over Six months	-	3,791
Others	-	3,752
<b>Total</b>	<b>-</b>	<b>7,543</b>

**Note - 9 : Cash and Cash Equivalents**

Amount ₹ ('000)

Particulars	As at 31 March 2017	As at 31 March 2016
a. Balances with banks		
On current accounts in scheduled bank	13,104	21,420
On Term Deposits	64,616	60,100
b. Cash on hand	29	20
<b>Total</b>	<b>77,749</b>	<b>81,540</b>

**Note - 10 : Short-term Loans and Advances**

Particulars	As at 31 March 2017	As at 31 March 2016
Advance receivable in cash or kind	5,521	2,963
Advances given to Subsidiary	-	2,500
Balance with Government Authorities		
Income Taxes (Net)	1,746	2,807
Service Tax	3,219	3,748
<b>Total</b>	<b>10,486</b>	<b>12,018</b>

**Note - 11 : Other Current Assets**

Particulars	As at 31 March 2017	As at 31 March 2016
Accrued Interest	190	586
Prepaid Expenses	233	100
<b>Total</b>	<b>423</b>	<b>686</b>

**Note - 12 : Other Income**

Particulars	for the year ended 31 March 2017	for the year ended 31 March 2016
Miscellaneous Income	17	-
Interest Income	4,842	3,459
<b>Total</b>	<b>4,859</b>	<b>3,459</b>

**Note - 13 : Employee Benefit Expenses**

Particulars	for the year ended 31 March 2017	for the year ended 31 March 2016
Salaries & wages	8,755	6,993
Contribution to Funds	227	477
Expenses on Employee Stock Option Scheme	75,552	48,710
Staff welfare expenses	202	254
<b>Total</b>	<b>84,736</b>	<b>56,433</b>

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### Note - 14 : Finance costs

Amount ₹ ('000)

Particulars	for the year ended 31 March 2017	for the year ended 31 March 2016
Bank Charges	11	64
Interest Paid	14	76
<b>Total</b>	<b>25</b>	<b>140</b>

### Note - 15 : Other expenses

Particulars	for the year ended 31 March 2017	for the year ended 31 March 2016
Electricity Expenses	130	39
Listing Fees	467	586
Rent	2,497	1,467
Rates and taxes	60	29
Repair and maintenance	120	711
Directors Remuneration	8,400	8,400
Business promotion & Advertisement Expenses	411	75
Travelling and conveyance	249	269
Communication Expenses	541	429
Legal and Professional fees	1,452	1,163
Directors' sitting fees	355	395
Auditor's remuneration	363	145
Miscellaneous expenses	1,058	1,291
Membership & Subscription fees	62	536
<b>Total</b>	<b>16,165</b>	<b>15,534</b>

### Payments to Auditor

Particulars	for the year ended 31 March 2017	for the year ended 31 March 2016
For Audit Fee	130	130
For Certification & Others	233	15
<b>Total</b>	<b>363</b>	<b>145</b>

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**NOTE `(1A)' OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES  
ANNEXED TO BALANCE SHEET AS AT 31st MARCH, 2017**


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**(i) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:****A. Basis of accounting:**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Companies (Accounts) Rules, 2014 and the relevant provision of Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statement are consistent with those of previous year.

**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 on Fixed Assets is provided based on the useful life of the assets in the manner prescribed in Schedule II to the Companies Act, 2013.
2. Depreciation on fixed assets added /disposed off during the year is provided on pro-rata basis.

**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:**

- a. Current year tax is determined in accordance with Income Tax Act, 1961 at the Current Tax rates based on assessable income.
- b. 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 asset's net selling price and value in use.

**H. Revenue Recognition**

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

- i. Exploration Income is recognized when services are rendered.
- ii. Interest Income is recognized on accrual basis
- iii. Dividend Income is accounted on accrual basis when the right to receive the dividend is established
- iv. Consultancy Income is recognized as and when services are rendered.

**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

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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.

### K. Stock Option Granted

The stock options granted are accounted for as per the accounting treatment prescribed by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (earlier SEBI Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of the option is recognised as deferred employee compensation.

The deferred employee compensation is charged to Profit & Loss Account on straight-line basis over the vesting period of the option. The employee stock option outstanding account is shown net of any unamortized deferred employee compensation.

### NOTES TO THE ACCOUNTS:

#### Note 16

Amount ₹ ('000)

S No	PARTICULARS	As at 31.03.2017	As at 31.03.2016
1.	Capital Commitments	Nil	Nil
2.	Claims made against the company but not acknowledged as debts	Nil	Nil
3.	Contingent Liabilities	Nil	Nil

#### Note 17. Expenditure and Earning in foreign currency :

S No	Particulars	As at 31.03.2017	As at 31.03.2016
1.	Expenditure in foreign currency	NIL	NIL
2.	Earning in foreign currency	NIL	NIL

#### Note 18. Related party disclosure

##### a) Name of related parties and relationship

S. No.	Name of the party	Relationship
1	Deccan Exploration Services Private Limited	Wholly owned subsidiary
2	Sandeep Lakhwara	Managing Director
3	Charles E.E. Devenish	Chairman
4	K.R.Krishnamurthy	Director
5	V.K.Gaur	Director
6	Pratima Ram	Director
7	K. Karunakaran	Chief Financial Officer
8	S.Subramaniam	Company Secretary

##### b) Transactions with related parties:-

Amount ₹ ('000)

Sr. No.	Nature	As at 31.03.2017	As at 31.03.2016
1	Reimbursement of Exploration Expenses from Subsidiary	9,446	7,588
2	Return of advances given to Subsidiary	2,500	NIL
3	Advances given to Subsidiary	NIL	6,670
4	Managerial Remuneration paid to director	8,400	8,400
5	Directors Sitting Fees & Audit Committee fees	355	395
6	Remuneration paid to CFO	3150	2520
7	Remuneration paid to CS	3990	3192

**Note 19:** 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 ₹ 33.43 Lacs (PY ₹ 26.50 Lacs) incurred during the year as noted in Note '2 d' 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.

**Note 20:** Disclosure in respect of Employee Stock Option Scheme

**Disclosure in respect of Deccan Gold Mines Limited Employee Stock Option Scheme 2014**

	Tranche-1	Tranche-2
	750,000	750,000
Particulars	Intrinsic Value	
Vesting Date	14/01/2016	14/01/2017
Exercise Period	14/01/2016 to 13/01/2017	14/01/2017 to 13/01/2018
Grant Date	14/01/2015	14/01/2015
Grant / Exercise Price per share	₹ 7	₹ 7
Market Price on the date prior to the date of grant of option	₹ 44.05	₹ 44.05
Particulars	Tranche-1	Tranche-2
No. of Options	750,000	750,000
Method of Accounting	Intrinsic Value	
Vesting Date	10/03/2016	10/03/2017
Exercise Period	10/03/2016 to 09/03/2017	10/03/2017 to 09/03/2018
Grant Date	10/03/2015	10/03/2015
Grant / Exercise Price per share	₹ 7	₹ 7
Market Price on the date prior to the date of grant of option	₹ 30.80	₹ 30.80

**Movement of Options granted**

Particulars	01/04/2016 to 31/03/2017	01/04/2015 to 31/03/2016
Options outstanding at the beginning of the year	26,00,000	30,00,000
Options granted during the year	Nil	Nil
Options vested during the year	15,00,000	15,00,000
Exercised during the year	14,50,000	4,00,000
Options lapsed during the year	Nil	Nil
Options lapsed on account of employee resignation	Nil	Nil
Options outstanding at the end of the year	15,50,000	11,00,000
Options unvested at the end of the year	NIL	15,00,000

Employee Stock Option Outstanding account ₹ 727.20 Lacs (PY ₹ 1165.05 Lacs) & Deferred Employee Compensation account ₹ NIL (PY ₹ 755.52 Lacs). Employee Compensation Expenses amounting to ₹ 755.52 Lacs (PY ₹ 487.10 Lacs) is included under the head Salaries and other benefits.

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### Disclosure in respect of Deccan Gold Mines Limited Employee Stock Option Scheme 2014 (amended 2016)

Particulars	Tranche-1
No. of Options	15,00,000
Method of Accounting	Intrinsic Value
Vesting Date	04/03/2017
Exercise Period	04/03/2017 to 03/03/2018
Grant Date	04/03/2016
Grant / Exercise Price per share	₹ 7
Market Price on the date prior to the date of grant of option	₹ 33.70

Particulars	01/04/2016 to 31/03/2017	01/04/2015 to 31/03/2016
Options outstanding at the beginning of the year	NIL	NIL
Options granted during the year	Nil	1500000
Options vested during the year	15,00,000	NIL
Exercised during the year	NIL	NIL
Options lapsed during the year	NIL	NIL
Options lapsed on account of employee resignation	NIL	NIL
Options outstanding at the end of the year	1500000	NIL
Options unvested at the end of the year	NIL	15,00,000

**Note:** It may be noted that the Board of Directors of the Company, at their meeting held on February 12, 2016 approved amendment to the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014 (Scheme) on account of the Company's rights issue during October, 2015. Under the amended Scheme, the number of stock options reserved for grant has been revised from 3,000,000 stock options to 4,500,000 stock options. Further, the Nomination & Remuneration Committee of the Board (NRC), at its meeting held on March 4, 2016 fixed the Exercise Price of the 1,500,000 new stock options as ₹ 7/- per stock option (as was the case with the original 3,000,000 stock options). The NRC also granted these 1,500,000 new stock options to the respective allottee (s) in the same proportion as they were granted the original 3,000,000 stock options. Further, it was also decided that 100% of the new stock options would be vested on the allottee (s) post the mandatory lock-in period of 1 year from the date of grant and the exercise period shall remain at 12 months from the date of vesting.

On May 11, 2016, the Company received 'in-principle' approval of BSE in respect of the 15,00,000 new stock options.

#### Note 21: Defined benefit Plans: -

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

Defined benefit Obligation		Amount (in ₹)	
Sr No.	Particulars	31.3.2017	31.3.2016
1	Current service cost	2,00,724	2,54,980
2	Interest on obligation	71,516	72,826
3	Expected return on plan assets	-	-
4	Net actuarial losses (gains) recognized in year ended	(45,480)	1,49,022
5	Past service cost	-	-
6	Losses (gains) on curtailments and settlement	-	-
	<b>Total, included in 'Employee Benefit Expense'</b>	<b>2,26,760</b>	<b>4,76,828</b>



**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		Amount (in ₹)	
Sr No.	Particulars	31.3.2017	31.3.2016
1	Opening Defined Benefit Obligation	14,26,799	9,49,971
2	Service cost for the year	200,724	2,54,980
3	Interest cost for the year on opening D.B.O.	71,516	72,826
4	Actuarial losses (gains)	(45,480)	1,49,022
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	-	-
<b>Closing defined benefit obligation</b>		<b>16,53,559</b>	<b>14,26,799</b>

**C. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof - not applicable as the liability is not funded.**

**D. Principal actuarial assumptions at the balance sheet date**

	(expressed as weighted averages):	31.3.2017	31.3.2016
1	Discount rate	7.10%	7.65%
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.			

**Note 22: Earning Per Share**

Particulars	31.03.2017	31.03.2016
Net Profit / (Loss) available to Equity Shareholders (in '000)	(96,250)	(68,954)
Weighted Average No of Equity Shares	9,03,08,614	7,11,90,144
Basic Earning Per Shares (in ₹)	(1.07)	(0.97)
Diluted Earning Per Shares (in ₹)	(1.04)	(0.93)

**Note 23 :** The Board of our Company was approached by Geomysore Services (India) Private Limited (GMSI) for being taken over. This was sought to be achieved through a takeover of Australian Indian Resources Limited, Australia (AIR) which is a key shareholder of GMSI and a 'buy-out' of other interested shareholders. The Company believes that the proposed takeover of GMSI would result in consolidation benefits in terms of gold assets to create a large Indian listed gold company.

GMSI had earlier indicated that it has drawn up a drilling programme of 15,800 m in the Jonnagiri Gold Project.

Subsequently, the Board of the Company decided that the proposed takeover of GMSI would be considered as and when the drilling data from the Jonnagiri Gold Project becomes available from GMSI.

GMSI has completed the drilling program noted above and has undertaken a feasibility study for their Jonnagiri Gold Project, the results of which are being awaited by the Company. Post this, the valuation of the projects of the Company and GMSI will need to be undertaken.

The proposal will then be put to the Board of Directors of the Company and GMSI for their final approval as regards the terms and conditions of the transaction including but not limited to the relevant valuation of shares and the share exchange ratio following which applicable shareholder / regulatory approvals will be sought.

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### Note 24 : Note on Rights Issue

During the financial year 2015-16 the company raised ₹ 50.34 crores through Right Issues of equity shares. The shares were issued at issue price of ₹17 per share (inclusive of premium of ₹16 per share). The shares were issued at the ratio of 1:2 to the shareholders.

The paid up capital of the company prior to this Right issue stood at 5,92,18,250 equity shares of ₹1 each. Accordingly 2,96,09,125 equity shares were offered on Right Issue basis and the Issue was kept open from 14th October 2015 to 30th October, 2015.

The Rights Issue was subscribed 1.3 times of the issue size & the process of the allotment was completed by November, 2015.

The shares so issued were admitted for listing/trading on the Bombay Stock Exchange (BSE) with effect from 11th November, 2015.

The Right Issue fund raising was made by the Company to for the following objects:

- Investment in Subsidiary Company
- General Corporate Purpose ; and
- Expenses for the Issue

Post the allotment of the shares under the Right Issue as discussed above, the promoters i.e. Rama Mines, Mauritius Limited, Mauritius held approximately 29% stake in the Company with the balance 71% being widely held with a significant participation by FIIs and Non-resident investors.

**Utilization of proceeds of rights issue by the Company for the year ended 31.03.2017 is as under:**

(Amount in ₹)

Opening balance as on 01.04.2016		8,15,39,915
Amount Utilized:		
Expenses for the issue		
Rights Issue expenses		
General Corporate Purposes:		
Staff cost and other administration Expenses	1,40,88,019	
Exploration expenses and other expenses	33,43,396	
<b>Total</b>	<b>1,74,31,415</b>	
Closing balance of Rights Issue proceeds as on 31.3.2017		6,41,08,500
Other receipts:		
<b>a. Issue of ESOP shares</b>		<b>87,98,000</b>
<b>b. Bank interest</b>		<b>48,42,000</b>
<b>Closing balance cash and bank balance as on 31.03.2017</b>		<b>7,77,48,500</b>

### Note 25 : 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 reportable segment viz; Gold Mining and Exploration.

**Note 26 :** Salaries and wages paid during the year was ₹ 2,02,71,196/- (PY ₹1,64,56,667/-) of which ₹ 82,13,700/- (PY ₹ 66,70,215/-) was recovered from subsidiary and ₹ 33,02,796/- (PY ₹ 23,16,016/-) was transferred to Exploration Expenditure resulting in net salary expense of ₹ 87,54,700/- (PY ₹ 74,70,436/-).

**Note 27 Disclosure on Specified Bank Note (SBNs)**

During the year the company had specified bank notes or other denomination as defined in MCA notification G.S.R. 308(E) dated March, 31, 2017 on the details of specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:

Particulars	SBNs	Amount (In ₹)	
		Other denomination notes	Total
Opening cash on held as on November 8, 2016	52,000	10,189	62,189
(+) Permitted receipts	-	2,34,000	2,34,000
(-) Permitted payments	-	1,15,734	1,15,734
(-) Cash deposited in bank	52,000	-	52,000
Closing cash in hand as on Dec 30, 2016	-	1,28,455	1,28,455

**Note 28: Previous year figures have been re-grouped, re-arranged wherever considered necessary.**

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

**Charles E.E.Devenish**  
Chairman

**Sandeep Lakhwara**  
Managing Director

Place : Mumbai  
Dated : May 23, 2017

**K Karunakaran**  
Chief Finance Officer

**S. Subramaniam**  
Company Secretary

Place : Bengaluru  
Dated : May 23, 2017

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

Amount (₹ '000)

	For the year ended 31.03.2017	For the year ended 31.03.2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss before Tax and after Extraordinary items	(96,250)	(68,954)
Adjustment For :		
Depreciation	184	306
Interest & Finance charges	25	140
Interest received	(4,842)	(3,459)
Expenses on Employee Stock option	75,552	48,710
Reversal of Expenses on Employee Stock Option Scheme	-	-
<b>Operative Loss before Working Capital Changes</b>	<b>(25,332)</b>	<b>(23,257)</b>
Adjustment For :		
Trade and Other Receivables	8,278	(13,309)
Trade & Other liability	1,956	(37,370)
<b>Cash Generation from Operations</b>	<b>(15,099)</b>	<b>(73,936)</b>
Direct Taxes	1,061	(480)
<b>Net Cash Flow from operating activities</b>	<b>(14,038)</b>	<b>(74,415)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Pre-operative Expenses	(3,343)	(2,650)
Interest received	4,842	3,459
Purchase of Fixed Assets	(50)	(81)
Investment in Subsidiary Company	-	(3,54,082)
<b>Net Cash used in investing activities</b>	<b>1,449</b>	<b>(3,53,354)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Issue	5,574	5,06,155
Right Issue Expenses	-	(4,918)
Share Application Money Received	3,248	4,576
Financial Charges	(25)	(140)
<b>Net Cash used in financing activities</b>	<b>8,798</b>	<b>5,05,672</b>
<b>D. NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(3,791)</b>	<b>77,903</b>
<b>Cash and Cash Equivalents as at 1st April 2016</b>	<b>81,540</b>	<b>3,637</b>
<b>Cash and Cash Equivalents as at 31st March 2017</b>	<b>77,749</b>	<b>81,540</b>

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 : May 23, 2017

For and on behalf of the Board

**Charles E.E. Devenish**  
Chairman

**K Karunakaran**  
Chief Finance Officer  
Place : Bengaluru  
Dated : May 23, 2017

**Sandeep Lakhwara**  
Managing Director

**S. Subramaniam**  
Company Secretary

# DECCAN EXPLORATION SERVICES PRIVATE LIMITED

## DIRECTOR'S REPORT

To the Members,  
Deccan Exploration Services Private Limited  
Bengaluru.

Your Directors have pleasure in submitting their 19th Annual Report of the Company together with the Audited Statements of Accounts for the year ended March 31, 2017.

### 1. FINANCIAL SUMMARY

Amount (in ₹ '000)

Particulars	As at the end of current reporting period	As at the end of previous reporting period
Total Revenue	14,908	5,988
Total Expenses	11,544	4,427
<b>Profit or Loss before Exceptional and Extraordinary items and Tax</b>	<b>3,364</b>	<b>1,561</b>
Less: Exceptional Items	2	-
Less: Extraordinary Items	-	-
<b>Profit or Loss before Tax</b>	<b>3,362</b>	<b>1,561</b>
Less: Current Tax	826	315
Deferred Tax	156	430
<b>Profit or Loss After Tax</b>	<b>2,380</b>	<b>816</b>
<b>Balance as per Previous year Balance Sheet</b>	<b>3,59,061</b>	<b>16,102</b>
Add: Transfer to Reserves	2,470	3,42,959
<b>Balance as per Current Year Balance Sheet</b>	<b>3,61,531</b>	<b>3,59,061</b>

### 2. DIVIDEND

No Dividend was declared for the current financial year.

### 3. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

### 4. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

#### Issue of Grant Notification Letter for Ganajur Gold Project:

The Company's Ganajur ML file is under process at the Commerce & Industries Department, Government of Karnataka (C & I) after receipt of Department of Mines & Geology's (DMG's) reply on June 12, 2017.

By way of background information, it may be noted that the C & I received a letter dated February 7, 2017 from Ministry of Mines, Government of India (MoM), stating that its prior approval for Ganajur Mining Lease accorded vide its letter dated July 24, 2015 was under Section 10(A)(2)(b) of the Mines & Minerals (Development & Regulation) Act, 1957 ("MMDR") and advising the Karnataka Government to get the Mining Lease executed in accordance with law at the earliest and to expedite the clearances and approvals for starting the mining operations. Vide its letter dated March 20, 2017 the C & I forwarded the above noted MoM's letter to DMG seeking its comments thereon.

The DMG's reply letter dated June 9, 2017 was received at the C & I on June 12, 2017 as per information updated on the website of C & I.

# DECCAN GOLD MINES LIMITED

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## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

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

Updates on the matter from time to time can be accessed at [www.deccangoldmines.com](http://www.deccangoldmines.com).

Recently, the matter was mentioned before the Bench comprising Justice Mr Madan Lokur and Justice Deepak Gupta on July 21, 2017. As advised by the Bench, the matter was mentioned before the Hon'ble Chief Justice and his direction that this matter will be taken up before a bench presided by Justice Mr. Madan Lokur was presented before the bench on August 4, 2017.

Justice Mr. Madan Lokur is yet to give a specific date for hearing, as he is busy with hearing some part heard matters. Our Lawyers are looking to mention the matter again before him at the next available opportunity.

### Completion of Feasibility Study (FS) for the Ganajur Gold Project:

Your Company is pleased to announce that the FS for the Ganajur Gold Project was completed during July, 2017.

For the benefit of shareholders, the key economic model headlines (before & after taxation) of the Ganajur Gold Project as reported in the FS indicating the robustness of the project is reproduced hereunder:

#### Economic model headline results before taxation

Item	Unit	Value at
USD 1,250/oz Au		
Net cash flow	USD M	133.0
NPV5	USD M	91.6
IRR	%	39.1

#### Economic model headline results after taxation

Item	Unit	Value at
USD 1,250/oz Au		
Net cash flow	USD M	93.1
NPV5	USD M	61.4
IRR	%	29.6

There was no change in nature of the business of the Company, during the year under review.

## 5. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

## 6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to our Company. There was no foreign exchange earnings and outgo during the year under review.

## 7. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

Keeping in mind the size and present operations of the Company, the Company does not have any risk management policy.

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**DECCAN EXPLORATION SERVICES PRIVATE LIMITED****8. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable to it at present.

**9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

**10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES - NIL****11. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There are no qualifications, reservations or adverse remarks made by the Auditors in their report. Further, the provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

**12. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company

**13. ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in Annexure A and is attached to this Report.

**14. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

The Company has conducted 4 Board meetings during the financial year under review on the following dates – April 30, 2016; September 1, 2016; December 6, 2016; and March 30, 2017.

**15. DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board of Directors state that:

- (a) in the preparation of annual accounts, applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis;
- (e) the Company being unlisted, sub clause (e) of section 134(3) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

# DECCAN GOLD MINES LIMITED

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## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

### 16. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any subsidiaries, joint ventures or associate companies.

### 17. DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review.

### 18. DIRECTORS

The parent Company nominated Mr K.R. Krishnamurthy as a Director on the Board of the Company and accordingly, Mr Krishnamurthy was appointed as an Additional Director on March 30, 2017. Necessary resolutions proposing him as a Director of the Company has been included in the Notice convening the ensuing Annual General Meeting of the Company.

The Company is not mandatorily required to appoint any whole time Key Management Personnel (KMP).

### 19. DECLARATION OF INDEPENDENT DIRECTORS

The provisions of Section 149 for appointment of Independent Directors are not applicable to the Company.

### 20. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

### 21. STATUTORY AUDITORS

M/s. Rao & Venkatesulu, Chartered Accountants were appointed as Statutory Auditors for a period at the last Annual General Meeting and are eligible for reappointment, subject to ratification of members at ensuing Annual General Meeting of the company.

### 22. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 are not applicable to the Company.

### 23. SHARES

During the year under review, the company did not issue any shares.

### 24. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

### 25. ACKNOWLEDGEMENT

Your Directors acknowledge the co-operation and support extended by one and all.

For and on behalf of the Board  
Deccan Exploration Services Private Limited

Place : Bengaluru  
Date : August 12, 2017

S.C.R. Peshwa  
Director

K. Karunakaran  
Director



## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

## FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &amp; Administration) Rules, 2014.

## I. REGISTRATION &amp; OTHER DETAILS:

1	CIN	U27205KA1997PTC022819
2	Registration Date	25-09-1997
3	Name of the Company	DECCAN EXPLORATION SERVICES PRIVATE LIMITED
4	Category/Sub-category of the Company	INDIAN NON GOVERNMENT COMPANY
5	Address of the Registered office & contact details	No. 5, 19th Main Road, 4th Sector, HSR Layout, Bengaluru 560102
6	Whether listed company	NO
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Mining	7295	100

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S N	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held"	"Applicable Section"
1	DECCAN GOLD MINES LIMITED	L51900MH1984PLC034662	HOLDING	100	2 (46)

## IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

## (i) Category-wise Share Holding

Category of Shareholders	"No. of Shares held at the beginning of the year [As on 31-March-2016]"				"No. of Shares held at the end of the year [As on 31-March-2017]"				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
c) Bodies Corp.	-	12,999	12,999	99.99%		12,999	12,999	99.99%	1.00%
Sub Total (A) (2)	-	12,999	12,999	99.99%		12,999	12,999	99.99%	1.00%
B. Public Shareholding									
2. Non-Institutions									
b) (i) Individual shareholders holding nominal share capital up to ₹ 1 lakh		1	1	0.01%		1	1	0.01%	0.00%
c) Others (NRI)		0	0	0.00%		0	0	0.00%	-1.00%
Sub-total (B)(2):-	-	-	-	0.00%	-	-	-	0.00%	-1.00%
C. Shares held by Custodian for GDRs & ADRs		NIL	-						
<b>Grand Total (A+B+C)</b>	-	<b>13,000</b>	<b>13,000</b>	<b>100.00%</b>	-	<b>13,000</b>	<b>13,000</b>	<b>100.00%</b>	<b>0.00%</b>

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

### (ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year*
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Deccan Gold Mines Limited	12,999	99.99%	0	12,999	99.99%	0	0.00%

\*Change due to increase in paid up capital

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	12,999	99.99%		
	Changes during the year	-	0.00%	-	0.00%
	At the end of the year	12,999	99.99%	12,999	99.99%

Note: No change in the number of shares held. Change in % due to increase in paid up capital

### (iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
Not applicable							

### (v) Shareholding of Directors and Key Managerial Personnel:

K. Karunakaran - 1 equity share of ₹10/- each as nominee of holding company.

### V. INDEBTEDNESS

NIL

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

NIL

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

NIL

Type		Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A	COMPANY			NIL		
B	DIRECTORS			NIL		
C	OTHER OFFICERS IN DEFAULT			NIL		

For and on behalf of the Board  
Deccan Exploration Services Private Limited

Place : Bengaluru  
Date : August 12, 2017

S.C.R. Peshwa  
Director

K. Karunakaran  
Director

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**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

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**AUDITOR'S REPORT****TO THE MEMBERS OF  
DECCAN EXPLORATION SERVICES PRIVATE LIMITED****Report on the Financial Statements:**

We have audited the accompanying financial statements of **Deccan Exploration Services Private Limited**, which comprise of the Balance Sheet as at 31st March, 2017 and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information, attached thereto.

**Management's Responsibility for the Financial Statements:**

The Company's Board of Directors and the management are responsible under Section 134 (5) of the Companies Act, 2013 for:

- (a) Preparation and presentation of the aforesaid financial statements in accordance with the accounting principles generally accepted in India and with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and for explaining any material departures;
- (b) for selecting the accounting policies and for application of the same consistently and to make the judgments and estimates reasonably and prudently so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for the year;
- (c) to take proper and adequate care for the maintenance of the required accounting records in the manner so required under the Act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) for preparation of the annual accounts on a going concern basis;
- (e) for laying down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
- (f) for devising proper systems to ensure compliance with the provisions of all applicable laws and that the same are adequate and are operating effectively.

**Auditor's Responsibility:**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the rules and regulations made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depends upon our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the said financial statements.

# DECCAN GOLD MINES LIMITED

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## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:

- (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2017;
- (ii) in the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows during the year ended on that date.

### Report on Other Legal and Regulatory Matters:

As required by Section 143 (3) of the Companies Act, 2013 and orders issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give our findings on the matters specified in the paragraph (3) and (4) of the Order, to the extent applicable, in the annexure "A" hereto.

As required by Section 143(3) of the Act, we further report that:

1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion proper books of accounts as required by law have been kept by the Company so far it appears from our examination of those books;
3. The Balance Sheet and the Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
4. In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
5. On the basis of the written information received from the Directors as on 31st March, 2017 and taken on record by the Board of Directors, none of the Directors is disqualified from being appointed as a Director in terms of Section 164(2) of the Act, as on 31st March, 2017;
6. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls our findings are given in our separate report attached herewith as "Annexure B": and
7. With respect to other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, In our opinion and to the best of our information and according to the explanations given to us:
  - i. the company has no pending litigation which may impact the Company's Financial position;
  - ii. The Company did not have any long term contracts including Derivatives Contract for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to Investor Education & Protection fund by the Company;
  - iv. The company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with of books of accounts maintained by the company. Refer Note 27 to the standalone financial statements

For **RAO & VENKATESULU**  
Chartered Accountants

**K.Y. NINGOJI RAO**  
Partner

Membership No. : 018278  
FR No. 003108S

Place : Bengaluru  
Date : April 29, 2017

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**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

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**ANNEXURE “A” REFERRED TO IN THE AUDIT REPORT****TO THE MEMBERS OF  
DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

We report our following findings on the matters stated in para (3) and (4) of the Companies (Auditor's Report) Order, 2016:

1. In respect of the Fixed Assets:
  - (a) the company has maintained proper records showing their full particulars including their quantitative details and situation;
  - (b) no immovable properties are held in the name of the company; and
  - (c) they have been physically verified at reasonable periodical interval by the management and as per the information given to us no discrepancy has been noticed.
2. In respect of Inventory:
  - (a) The management has physically verified the inventory at reasonable periodical intervals during the year; and
  - (b) No discrepancies are found during the year.
3. The company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. According to the information and explanation given to us, the company has not given any loans and advances, investments or guarantees as contemplated u/s 185 and 186 of the Act.
5. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits as contemplated under section 73 to 76 of the Companies Act, 2013.
6. That as per the information given to us by the company, the Company has not availed any term loan during the year from Financial Institutions or Banks.
7. As per our information the cost records prescribed to the company by the Central Government u/s section 148 (1) of the Companies Act, 2013 are not applicable.
8. In respect of statutory liabilities and obligations:
  - (a) The company has according to the information and explanations given to us and on the basis of such checks as we considered necessary, been regular in depositing such undisputed statutory dues with the appropriate authority, in respect of the statutory liability in respect of Central Excise Duty, Provident Fund, Employees State Insurance, Income Tax, Entry Tax, Service Tax and other statutory dues and there are no dues, which are due for more than a period of six months which remained outstanding as at 31st March 2017 except professional tax of Rs.7,400/-;
  - (b) There are no dues in respect of Central Excise Duty, Provident Fund, Employees State Insurance, Income Tax, Entry Tax, Service Tax, and Sales Tax which have remained unpaid owing to pending dispute.
9. The company did not raise any money by way of initial public offer or further public offer.
10. According to our information and to the explanations given to us no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
11. The company is not a Nidhi Company.

## DECCAN GOLD MINES LIMITED

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### DECCAN EXPLORATION SERVICES PRIVATE LIMITED

12. According to the information and explanations given to us and based on our examination of the company, the company has not made any preferential allotment of shares on private placement basis during the year.
13. According to information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards and Companies Act, 2013.
14. According to information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with the directors or persons connected with them as contemplated under section 192 of the Companies Act, 2013.

For **RAO & VENKATESULU**  
Chartered Accountants

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

Place : Bengaluru  
Date : April 29, 2017

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED****ANNEXURE – B TO THE AUDITOR’S REPORT****Report on the Internal Financial Controls under (i) of Sub-Section 3 of  
Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Deccan Exploration Services Private Limited as of 31 March 2017 in conjunction with our audit of the financial statements of the company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s Management is responsible for establishment and maintaining internal financial controls based on the internal control over financial reporting established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We Conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting and the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. These Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and that such controls operated effectively in all material respects.

Our Audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatement due to error or fraud that may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are

## DECCAN GOLD MINES LIMITED

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### DECCAN EXPLORATION SERVICES PRIVATE LIMITED

subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial reporting issued by the Institute of Chartered Accountants of India.

For **RAO & VENKATESULU**  
Chartered Accountants

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

Place : Bengaluru  
Date : April 29, 2017



## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017

(Amount in '000)

Particulars	Note No	As at 31.3.2017	As at 31.3.2016
<b>I EQUITY AND LIABILITIES</b>			
1 Shareholder's Funds:			
a Share Capital	1	130	130
b Reserves and Surpluses	2	3,61,531	3,59,061
c Money Received Against Share Warrants		-	-
2 Share Application Money Pending Allotment		-	-
3 Non-Current Liabilities:			
a Long Term Borrowings		-	-
b Deferred Tax Liabilities (Net)	3	436	280
c Other Long Term Liabilities		-	-
d Long Term Provisions	4	51	-
4 Current Liabilities:			
a Short Term Borrowings		-	-
b Trade Payables	5	143	15,060
c Other Current Liabilities	6	281	936
d Short Term Provisions	7	826	314
<b>TOTAL</b>		<b>3,63,398</b>	<b>3,75,781</b>
<b>II ASSETS</b>			
<b>1 Non Current Assets:</b>			
<b>a Fixed Assets:</b>			
(i) Tangible Assets	8	3,177	3,464
(ii) Intangible Assets	8	2,432	2,958
(iii) Capital work-in-progress	8	1,76,620	43,584
(iv) Intangible Assets Under Development		-	-
b Non Current Investments		-	-
c Long Term Loans and Advances	9	1,700	1,007
d Other Non Current Assets	10	97	696
<b>2. Current Assets:</b>			
a Current Investments		-	-
b Trade Receivables	11	156	156
c Cash and Cash Equivalents	12	1,56,211	3,19,514
d Short Term Loans and Advances	13	22,692	4,396
e Other Current Assets	14	313	5
<b>TOTAL</b>		<b>3,63,398</b>	<b>3,75,781</b>

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

For and on behalf of the Board

As per our report of even date attached.  
For **Rao & Venkatesulu**  
Chartered Accountants

S.C.R PESHA  
Director

K.KARUNAKARAN  
Director

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

Place : Bengaluru  
Date : April 29, 2017

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED**

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2017**

(Amount in '000)

Particulars	Note No	For the year ended 31.3.2017	For the year ended 31.3.2016
<b>REVENUES:</b>			
I. Revenue From Operations	15	-	467
II. Other Income	15	14,908	5,521
<b>III. Total Revenue (I +II)</b>		<b>14,908</b>	<b>5,988</b>
<b>IV. EXPENSES:</b>			
1 Exploration Expenses	16	-	-
2 Employee Benefit Expense	17	3,665	450
3 Financial Costs	18	88	1,140
4 Depreciation and Amortization Expense	19	1,774	689
5 Other Expenses	20	6,017	2,148
<b>Total Expenses</b>		<b>11,544</b>	<b>4,427</b>
<b>V. Profit Before Exceptional and Extraordinary Items &amp; Tax</b>		<b>3,364</b>	<b>1,561</b>
VI. Exceptional Items	21	2	-
VII. Profit Before Extraordinary Items and Tax		3,362	1,561
VIII. Extraordinary Items		-	-
<b>IX. Profit Before Tax</b>		<b>3,362</b>	<b>1,561</b>
<b>X Tax Expense:</b>			
1 Current Tax		826	314
2 Earlier Year Taxes		-	-
3 Deferred Tax		156	430
<b>XI Profit (Loss) For The Period From Continuing Operations</b>		<b>2,380</b>	<b>816</b>
XII Profit/(Loss) from Discontinuing Operations		-	-
XIII Tax Expense of Discounting Operations		-	-
XIV Profit/(Loss) From Discontinuing Operations		-	-
<b>XV Profit/(Loss) For The Period</b>		<b>2,380</b>	<b>816</b>
Earning Per Equity Share:			
1 Basic ₹		183.06	62.75
2 Diluted ₹		183.06	62.75

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

For and on behalf of the Board

As per our report of even date attached.

For **Rao & Venkatesulu**  
Chartered Accountants

S.C.R PESHWA  
Director

K.KARUNAKARAN  
Director

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

Place : Bengaluru  
Date : April 29, 2017

# DECCAN EXPLORATION SERVICES PRIVATE LIMITED

## NOTES FORMING PART OF ANNUAL ACCOUNTS

### Note 1 : Share Capital

Particulars	As At 31.3.2017	As At 31.3.2016
<b>A. Authorized Capital:</b>		
20,000,(P.Y. 20,000) Equity Shares of ₹ 10/- Each	2,00,000	2,00,000
3,50,000,(P.Y.3,50,000) 1% Redeemable Preference shares of ₹100/- Each	3,50,00,000	3,50,00,000
<b>B. Issued, Subscribed &amp; Paid Up Capital:</b>		
13,000 (P.Y.10,101) Equity Shares of ₹ 10/- Each, Fully Paid Up	1,30,000	1,30,000
Nil (P.Y.1,80,000) 0.0001% Redeemable Preference Shares of ₹ 100/- Each, Fully Paid Up	Nil	Nil
<b>Total</b>	<b>1,30,000</b>	<b>1,30,000</b>

### Reconciliation of Number of Shares:

Particulars	As At 31.3.2017	As At 31.3.2016
<b>Equity Shares:</b>		
Balance at the beginning	13,000	10,101
Add: Number of Shares Allotted	Nil	2,899
Balance at close	13,000	13,000
<b>0.0001% Preference Shares:</b>		
Balance at the beginning	Nil	1,80,000
Add: Number of Shares Allotted	Nil	Nil
Less: Number of Shares Redeemed	Nil	1,80,000
Balance at close	Nil	Nil

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

Particulars	As At 31.3.2017	As At 31.3.2016
Equity Shares of ₹ 10/- Each	Nil	Nil
1% Redeemable Preference Shares of ₹ 100/-	Nil	Nil

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

**Equity Share of ₹ 10/- each & 0.0001% Redeemable Preference Shares of ₹ 100/- Each fully paid-up:**

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

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

Name of Shareholders	As At 31.3.2017	% of Shares As at 31.3.2017	As At 31.3.2016	% of Shares As at 31.3.2016
Deccan Gold Limited	13,000	100%	13,000	100%

### Name of shareholders holding more than 5% of Preference Shares:

Name of Shareholders	As At 31.3.2017	As At 31.3.2016	% of Shares
	Nil	Nil	Nil
TOTAL	Nil	Nil	Nil

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

### Note 2 : Reserves and Surpluses

Amount (₹ '000)

Particulars	As At 31.3.2017	As At 31.3.2016
<b>A. Capital Reserves:</b>	Nil	Nil
B. Capital Redemption Reserve	Nil	Nil
C. Share Premium:	3,54,052	3,54,052
<b>D. Profit &amp; Loss Account:</b>		
Opening Balance Brought Forward	7,454	6,638
Add: Current Year Profit	2,380	816
<b>Closing Balance Carried Forward</b>	<b>9,834</b>	<b>7,454</b>
<b>E. Other Reserves;</b>		
Pre-Operative Expenditure	(2,081)	(2,081)
Preliminary Expenses	(272)	(362)
<b>F. Total</b>	<b>3,61,531</b>	<b>3,59,061</b>

### Note 3 : Deferred Tax Liabilities (Net)

Particulars	As At 31.3.2017	As At 31.3.2016
Deferred Tax Liability	451	280
Less; Deferred Tax Assets	15	Nil
<b>Net Deferred Tax Liability</b>	<b>436</b>	<b>280</b>

Particulars of Deferred Tax liability provided in the accounts are as follows:

Particulars	Current Year	Previous Year
Written Down Value As Per Books	5,610	6,422
Less : Written Down Value As Per Income Tax	4,100	5,560
<b>Difference in WDV</b>	<b>1,510</b>	<b>862</b>
Deferred Tax Liability	451	280
Disallowances U/s 40(a) & 43B	Nil	Nil
Unabsorbed depreciation & Business Loss	Nil	Nil
Deferred Tax Asset	15	Nil
<b>Net Deferred Tax Asset/Liability</b>	<b>436</b>	<b>280</b>
Deferred Tax Provided in earlier years	(280)	(151)
<b>Deferred Tax Provided(+)/Withdrawn(-) in the year</b>	<b>156</b>	<b>430</b>

### Note 4. Long Term Provisions

Particulars	As At 31.3.2017	As At 31.3.2016
Employees Benefit Payable (Gratuity)	51	Nil
Others	Nil	Nil
<b>Total</b>	<b>51</b>	<b>Nil</b>

### Note 5. Trade Payables:

Particulars	As At 31.3.2017	As At 31.3.2016
Trade Creditors	22	14,117
Others	121	943
<b>Total</b>	<b>143</b>	<b>15,060</b>

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED****Note 6 : Other Current Liabilities**

Amount (₹ '000)

Particulars	As At 31.3.2017	As At 31.3.2016
Service Tax Payable	87	Nil
Income Tax TDS Payable	156	934
Others	38	2
<b>Total</b>	<b>281</b>	<b>936</b>

**Note 7 : Short Term Provisions**

Particulars	As At 31.3.2017	As At 31.3.2016
Income Tax Payable	826	314
Others	Nil	Nil
<b>Total</b>	<b>826</b>	<b>314</b>

**Note 8. Fixed Assets**

Sl. No.	Particulars	Useful life in Yrs.	Gross Block				Accumulated Depreciation				Net Block (WDV)	
			Value at the beginning	Additions during the year	Deductions during the year	Value at the end 31-03-2017	Value at the beginning	Additions during the year	Deductions during the year	Value at the end 31-03-2017	WDV as at 31-03-2017	WDV as at 31-03-2016
<b>I</b>	<b>Tangible Assets :</b>											
1	Land		-	-	-	-	-	-	-	-	-	-
2	Buildings		-	-	-	-	-	-	-	-	-	-
3	Plant & Machinery	15	-	-	-	-	-	-	-	-	-	-
4	Vehicles	8	3,036	135	-	3,171	865	275	-	1,140	2,031	2,171
5	Furniture & Fixtures	10	228	65	-	293	6	26	-	33	261	222
6	Office Equipments	10	88	78	-	1667	18	26	-	45	122	70
7	UPS	3	54	-	-	54	36	70	-	43	12	19
8	Computer	3	1,131	140	-	1271	148	-	-	519	752	983
	<b>SUB TOTAL (A)</b>		<b>4,538</b>	<b>418</b>	<b>-</b>	<b>4956</b>	<b>1,074</b>	<b>705</b>	<b>-</b>	<b>1,778</b>	<b>3,178</b>	<b>3,464</b>
<b>II</b>	<b>Intangible Assets</b>											
1	Software	3	3,142	542	-	3,684	183	1,068	-	1,252	2,432	2,958
	<b>SUB TOTAL (B)</b>		<b>3,142</b>	<b>542</b>	<b>-</b>	<b>3,684</b>	<b>183</b>	<b>1,068</b>	<b>-</b>	<b>1,252</b>	<b>2,432</b>	<b>2,958</b>
<b>III</b>	Capital Work-in-progress		43,584	1,330	-	176620	-	-	-	-	1,76,620	43,584
	Capital Expenditure pending for allocation											
	<b>SUB TOTAL (C)</b>		<b>43,584</b>	<b>1,330</b>	<b>-</b>	<b>1,76,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,76,620</b>	<b>43,584</b>
<b>IV</b>	Intangible Assets Under Development											
	<b>SUB TOTAL (D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Current Year [A + B + C + D]</b>		<b>51,263</b>	<b>1,339</b>	<b>-</b>	<b>1,85,260</b>	<b>1,257</b>	<b>1,774</b>	<b>-</b>	<b>3,031</b>	<b>1,82,230</b>	<b>50,006</b>
	<b>Total Previous Year</b>		<b>939</b>	<b>503</b>	<b>-</b>	<b>51263</b>	<b>567</b>	<b>689</b>	<b>-</b>	<b>1,257</b>	<b>50,006</b>	<b>-</b>

**Note 9 : Long Term Loans and Advances**

Particulars	As At 31.3.2017	As At 31.3.2016
Security Deposit	127	127
Other Loans & Advances	1,573	880
<b>Total</b>	<b>1,700</b>	<b>1,007</b>

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

### Note 10 : Other Non Current Assets

Amount (₹ '000)

Particulars	As At 31.3.2017	As At 31.3.2016
Long Term Trade Receivables	Nil	Nil
Advances with Revenue Authorities	97	696
Others	Nil	Nil
<b>Total</b>	<b>97</b>	<b>696</b>

### Note 11 : Trade Recievables

Particulars	As At 31.3.2017	As At 31.3.2016
Cash In Hand	24	9
Bank Balance	1,56,187	3,19,506
<b>Total</b>	<b>1,56,211</b>	<b>3,19,515</b>

### Note 12 : Cash & Cash Equivalent

Particulars	As At 31.3.2017	As At 31.3.2016
Cash-in-Hand	24	9
Bank Balance	8,171	5,988
Bank Fixed Deposits with Accrued Interest	1,48,016	3,13,517
<b>Total</b>	<b>1,56,211</b>	<b>3,19,514</b>

### Bank Balances Include:

Particulars	As At 31.3.2017	As At 31.3.2016
Unpaid Dividends	Nil	Nil
Margin Money	Nil	Nil
Deposits with not more than 12 months maturity	1,48,016	3,13,517
Cheques & Drafts On Hand	Nil	Nil
Others (Bank Balance)	8,171	5,988
<b>Total</b>	<b>1,56,187</b>	<b>3,19,505</b>

### Note 13 : Short Terms Loans and Advances

Particulars	As At 31.3.2017	As At 31.3.2016
Loans & Advances to Related Parties	Nil	Nil
Advances with Revenue Authorities	22,561	3,770
Other Loans & Advances	131	626
<b>Total</b>	<b>22,692</b>	<b>4,396</b>

### Note 14 : Other Current Assets

Particulars	As At 31.3.2017	As At 31.3.2016
Interest receivable	224	Nil
Prepaid Expenses	89	5
<b>Total</b>	<b>313</b>	<b>5</b>

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED****Note 15 : Revenues From Operations & Other Income**

Amount (₹ '000)

Particulars	Current Year	Previous Year
<b>A. Revenue from Operation :</b>		
Exploration Contract	Nil	Nil
Consultancy Receipts	Nil	467
<b>Total</b>	<b>Nil</b>	<b>467</b>
<b>B. Other Incomes:</b>		
Interest on Deposits & Others	14,908	5,520
Miscellaneous Receipts	Nil	Nil
<b>Total</b>	<b>14,908</b>	<b>5,987</b>
<b>C. Total (A+B)</b>	<b>14,908</b>	<b>5,987</b>

**Note 16: Exploration Expenses:**

Particulars	Current Year	Previous Year
Analysis Charges	15,513	2,514
Boarding & Lodging Charges	1,367	444
Camp Expenses	1,324	545
CSR Activities Expenses	1,163	Nil
Electricity Charges	7	20
Exploration Contract Expenses	8,234	6,670
Field & Travel Expenses	3,218	1,475
Field Supplies & Consumables	403	207
Field Vehicle Maintenance	915	684
Freight & Transportation Charges	250	77
Land & Crop Compensation	4,691	7,561
Other Camp Expenses	Nil	115
Printing & Duplicating Charges	Nil	21
Professional & Consultancy Fees	57,902	10,783
Exchange Fluctuation Charges	1,210	Nil
Bank charges for Outward payment	267	Nil
Rent	585	465
Telephone & Communication Expenses	23	85
Trenching Drilling & Pitting Charges	35,964	11,918
<b>Total</b>	<b>1,33,036</b>	<b>43,584</b>
Less: Transferred to Capital Expenditure W I P	1,33,036	43,584
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

## DECCAN GOLD MINES LIMITED

### DECCAN EXPLORATION SERVICES PRIVATE LIMITED

#### Note 17: Employment Benefit Expenses:

Amount (₹ '000)

Particulars	Current Year	Previous Year
Salaries Wages Bonus Gratuity Leave Encashment	3,487	375
Staff Welfare & Medical Expenses	178	75
<b>Total</b>	<b>3,665</b>	<b>450</b>

#### Note 18: Financial Cost

Particulars	Current Year	Previous Year
Interest on Other Loans	Nil	1,107
Bank Charges & Other Charges	6	33
Interest on ST	82	Nil
<b>Total</b>	<b>88</b>	<b>1,140</b>

#### Note 19 : Depreciation Amortised Cost

Particulars	Current Year	Previous Year
Depreciation	1,774	689
Preliminary Expenses Amortized	Nil	Nil
<b>Total</b>	<b>1,774</b>	<b>689</b>

#### Note 20 : Other Expenses:

Particulars	Current Year	Previous Year
AMC Charges	11	Nil
Computer –Consumables	28	Nil
Electricity Charges	204	110
Filing Fees	9	8
Insurance Charges	51	46
Membership & Subscription	90	19
Networking Expenses	3	70
Office Expenses	1	2
Office Maintenance	380	319
Postage & Telegrams	15	27
Preliminary Expenses Written off	91	91
Printing & Stationery Expenses	43	47
Professional Fees	3,728	48
Rates & Taxes	344	38
Recruitment Charges	19	112
Rent	671	525
Repairs & Maintenance	86	406
Telephone Expenses	110	43
Vehicle Maintenance	68	178
Water Charges	33	25



## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

AUDITORS REMUNERATION:		
For Audit	25	23
For Taxation	5	6
For Expenses	2	5
Total	6,017	2,148

## Note 21 : Exceptional Items

Particulars	Current Year	Previous Year
Income:		
Excess of Income Tax Provision Withdrawn	4	Nil
Expenditure:		
Penal Interest & Other Expenses	6	Nil
Total	2	Nil

## Note 22. Contingent Liabilities: Nil (P.Y Nil)

## Note 23. Trade Receivables:

Classified as Current: Rs. 156097/- (P.Y. Rs. 156097/-) includes:

	Particulars	As At 31.3.2017	As At 31.3.2016
i.	Debts Due for a period:		
	a. more than Six Months from the due date	156	Nil
	b. Others	Nil	156
ii.	Debts considered good and secured	Nil	Nil
iii.	Debts considered good but not secured	156	156
iv.	Debts considered unsecured and doubtful of recovery and not provided for	Nil	Nil
v.	Debts due from:		
	a. Directors	Nil	Nil
	b. Other Officers	Nil	Nil
	c. Companies in which the Directors of the company is Directors	Nil	Nil
	d. Firms in which Directors of the company are interested as partners	Nil	Nil

## Note 24. Loans and Advances:

Classified as Current: Rs. 22691637/- (P.Y.Rs. 4396249/-) includes:

	Particulars	As At 31.3.2017	As At 31.3.2016
i.	Long Term Loans & Advances:		
a.	Capital Advances	Nil	Nil
b.	Security Deposits	Nil	Nil
c.	Due From Related Parties	Nil	Nil
d.	Others	22,692	4,396

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

<b>ii. Loans and advances which are:</b>		
a. Secured and considered good	Nil	Nil
b. Unsecured and Considered Good	22,692	4,396
c. Doubtful	Nil	Nil
<b>III. Loans &amp; Advances due from:</b>		
a. Directors	Nil	Nil
b. Directors Relatives	Nil	Nil
c. Companies in which the Directors of the company is Directors	Nil	Nil
d. Firms in which Directors of the company are interested as partners	Nil	Nil

### Note 25. Loans and Advances:

**Classified as Non-Current: Rs. 1699622/- (P.Y.Rs. 1007434/-) includes:**

Particulars	As At 31.3.2017	As At 31.3.2016
<b>i. Long Term Loans &amp; Advances:</b>		
a. Capital Advances	Nil	Nil
b. Security Deposits	127	127
c. Due From Related Parties	Nil	Nil
d Others	1,572	880
<b>ii. Loans and advances which are:</b>		
a. Secured and considered good	Nil	Nil
b. Unsecured and Considered Good	1,700	1,007
c. Doubtful	Nil	Nil
<b>III. Loans &amp; Advances due from:</b>		
a. Directors	Nil	Nil
b. Directors Relatives	Nil	Nil
c. Companies in which the Directors of the company is Directors	Nil	Nil
d. Firms in which Directors of the company are interested as partners	Nil	Nil

**Classified as Other Non-Current: Rs. 96966/- (P.Y Rs. 695583/-)includes:**

Particulars	As At 31.3.2017	As At 31.3.2016
<b>i. Long Term Loans &amp; Advances:</b>		
a Capital Advances	Nil	Nil
b. Security Deposits	Nil	Nil
c. Due From Related Parties	Nil	Nil
d. Others	97	696
<b>ii. Loans and advances which are:</b>		
a. Secured and considered good	Nil	Nil
b. Unsecured and Considered Good	97	696
c. Doubtful	Nil	Nil

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

Amount (₹ '000)

<b>III. Loans &amp; Advances due from:</b>		
a. Directors	Nil	Nil
b. Directors Relatives	Nil	Nil
c. Companies in which the Directors of the company is Directors	Nil	Nil
d. Firms in which Directors of the company are interested as partners	Nil	Nil

**Note 26. Amounts due to and From Related Parties:****Amounts due from Related Parties:**

Particulars	As At 31.3.2017	As At 31.3.2016
Deccan Gold Mines Ltd	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

**Amounts due to Related Parties:**

Particulars	As At 31.3.2017	As At 31.3.2016
Deccan Gold Mines Ltd	Nil	10,043
<b>Total</b>	<b>Nil</b>	<b>10,043</b>

**Note 27. Operating Cycles of the various businesses considered by the management are:**

Particulars	Period of operation cycle
Mining Exploration Contract	One Year
Mining Consultancy	Six Months
<b>Total</b>	<b>Nil</b>

**Note 28. The particulars of Gross Sales and Net of Duties are:**

Particulars	Gross Value	Less: Duty	Net of Duty
Mining Exploration Contract	Nil	Nil	Nil
Mining Consultancy	Nil	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**Note 29. The particulars of Foreign Exchange Earnings and Expenditure are:**

Particulars	Current Year	Previous Year
<b>Earnings:</b>		
I Exports	Nil	Nil
<b>Expenditure:</b>		
i Import of Materials	Nil	Nil
ii Import of Consumables	51,087	Nil
iii Import of Machinery	13,887	Nil
iv Travelling , Proff & consultancy	1,285	3,683
<b>Total</b>	<b>66,259</b>	<b>3,683</b>

## DECCAN GOLD MINES LIMITED

### DECCAN EXPLORATION SERVICES PRIVATE LIMITED

**Note 30. Particulars of amounts contributed to various funds for Employees benefit:** Amount (₹ In '000)

Particulars	Current Year	Previous Year
Provident Fund	Nil	Nil
ESI Contribution	Nil	Nil
Labour Welfare Fund	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

### Note 31. RELATED PARTY TRANSACTIONS DISCLOSURES:

Particulars	Subsidiary, Directors & Relatives	Key Management Personnel	TOTAL
Exploration & Other Expenses Paid			
Exploration Contract Receipts			
Financial Transactions:			
a. Loan Borrowed	Nil	Nil	Nil
b. Loan Repaid	Nil	42	42
c. Interest Paid	Nil	Nil	Nil
d. Equity Share Capital	Nil	Nil	Nil
e. Share Application	Nil	Nil	Nil
f. Advances Recovered	Nil	Nil	Nil
g. Advances Paid	Nil	Nil	Nil
Sale Of Fixed Assets	Nil	Nil	Nil
Purchase Of Fixed Assets	Nil	Nil	Nil
Receiving Of Services	Nil	Nil	Nil
Rendering Of Services	Nil	Nil	Nil
Guarantees & Collaterals:	Nil	Nil	Nil
Associated Concerns:	None		
Share Holders & Relatives:	M/s Deccan Gold Mines Ltd		
Key Management Personnel	a. Mr. S.C.R.Peshwa-Director		
	b. Mr. Karunakaran-Director		
	c. Mr. K. R. Krishnamurthy - Director		

**Note 32.** Previous figures have been rearranged and regrouped so as to make them comparable with current figures.

### Note 33. SIGNIFICANT ACCOUNTING POLICIES :

#### A. REVENUE RECOGNITION:

- Sales revenues and Contract Receipts are accounted on accrual basis goods.
- All incomes to the extent they are ascertained are accounted on accrual basis.

#### B. EXPENDITURE RECOGNITION:

- All expenditure relating to the purchase of goods and contract expenses are accounted on accrual basis.
- 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 realizable value whichever is lower.

**DECCAN EXPLORATION SERVICES PRIVATE LIMITED****D. FIXED ASSETS:**

Depreciation on fixed assets is provided on estimated useful life basis as specified in Schedule II to the Companies Act 2013.

**E. INVESTMENTS:**

Investments are valued at cost.

**F. TAXES ON INCOME:**

- a. Current Liability towards Taxes On Income is recognized as per the estimates made as per the provisions of the Income Tax.
- b. Deferred Tax Asset and liabilities is recognized as per AS 22 issued by the ICAI; and

**G. AMORTISATION OF INTAGIBLE ASSETS:**

All Intangible Assets are amortized as per AS 26 issued by the ICAI.

**Note 34.** Particulars of number of employees drawing remuneration exceeding a sum of Rs. 60,00,000 per annum or Rs. 500000 per month is Nil.

**Note 35. DISCLOSURE ON SPECIFIED BANK NOTE (SBNS)**

During the year the company had specified bank notes or other denomination as defined in MCA notification G.S.R. 308(E) dated March 31 2017 on the details of specified Bank Notes (SBNs) held and transacted during the period from November 8 2016 to December 30 2016 is given below:

Amount (in ₹)			
Particulars	SBNs	Other Denomination Notes	Total
Closing Balance Cash Held as on 8th November 2016	5,83,000	8,397	5,91,397
Add: Permitted Receipts	Nil	3,60,000	3,60,000
Less: Permitted Payments	Nil	3,32,793	3,32,793
Less: Cash Deposited in Bank	5,83,000	Nil	5,83,000
Closing Cash Balance in hand as on 30.12.2016	Nil	35,604	35,604

# DECCAN GOLD MINES LIMITED

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

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

#### I. Registration Details:

Rs. (in Lakhs)

Registration No.	22819	State Code	08
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#### II. Capital raised during the year:

Particulars	Current Year	Previous Year
Public Issue	Nil	Nil
Right Issue	Nil	Nil
Bonus Issue	Nil	Nil
Private Placement	Nil	Nil

#### III. Position of mobilization and deployment of funds:

Total Liabilities	3633.98	3757.81
Total Assets	3633.98	3757.81

#### Sources of Funds:

Paid Up Capital	1.30	1.30
Reserves & Surpluses	3615.31	3590.60
Share Application Money	Nil	Nil
Net Deferred Tax Liability	4.35	2.79
Non Current Liabilities	0.50	Nil
Current Liabilities	12.50	163.10

#### Application Of Funds:

Net Fixed Assets	1822.30	500.06
Net Deferred Tax Asset	Nil	Nil
Non Current Investments	Nil	Nil
Other Non Current Assets	17.96	17.03
Current assets	1793.72	3240.71

#### IV. Performance of the Company:

Total Turnover & Income	149.08	59.87
Total Expenditure	115.44	44.26
Exceptional Items	0.01	Nil
Profit Before Tax	33.62	15.60
Profit After Tax	23.79	8.15
Earning Per Share [Basic & Diluted] ₹	183.06	62.75
Dividend- Interim/Proposed Per Share	Nil	Nil

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

Product Description	Item Code (ITC Code)
Mining Exploration	980100.45

For and on behalf of the Board

S.C.R PESHWA  
Director

K.KARUNAKARAN  
Director

As per our report of even date attached.  
For **Rao & Venkatesulu**  
Chartered Accountants

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

Place : Bengaluru  
Date : April 29, 2017

## DECCAN EXPLORATION SERVICES PRIVATE LIMITED

## Cash Flow For The Year Ended On 31st March, 2017

₹ in Lakhs

Particulars	Current Year		Previous Year	
<b>Cash Flow From Operating Activities:</b>				
Net Profit Before Tax & Extraordinary items Adjustments For :		33.62		15.61
Depreciation	17.74		6.89	
Miscellaneous Expenditure Written off	-		-	
Provision For Gratuity & Earned Leave Payable	0.51		-	
Profit/Loss on Sale of Investments	-		-	
Profit/Loss on Sale of Assets	-		-	
Investments Written Off	-		-	
Interest, Dividends Etc	(149.08)		(55.20)	
Finance Cost	0.88	(129.95)	11.40	(36.91)
<b>Operating Profit Before Working Capital Changes Adjustments for :</b>		<b>(96.33)</b>		<b>(21.30)</b>
Trade Receivables	-		411.53	
Inventories	-		-	
Other Receivables	(182.95)		(39.19)	
Other Current Assets	(3.08)		(0.05)	
Trade Payables & Current Liabilities	(155.72)	(341.76)	52.69	424.98
<b>Cash Generated From Operations</b>		<b>(438.09)</b>		<b>403.67</b>
Finance Cost	(0.88)		(11.40)	
Direct Taxes Paid	(3.15)		-	
Dividend Paid	-	(4.03)	-	(11.40)
<b>Cash flow before extra ordinary items Sales Assets</b>		<b>(442.12)</b>		<b>392.27</b>
Net Prior Period Expenses				
<b>Net Cash Flow From Operating Activities</b>		<b>(442.12)</b>		<b>392.27</b>
<b>Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(1,339.97)		(503.24)	
Purchase of Investments	-		-	
Sale of Assets	-		-	
Increase In Preliminary Expenses	0.91		0.91	
Interest Received	149.08		55.20	
Dividend Received	-	(1,189.98)	-	(447.13)
<b>Net Cash used in investing activities</b>		<b>(1,632.10)</b>		<b>(54.86)</b>
<b>Cash Flow from Financing Activities</b>				
Other Non-Current Assets	5.99		(4.11)	
Long Term Loans & Advances	(6.92)		(7.25)	
Proceeds from issue of Capital	-		3,240.82	
Proceeds from issue of Share Application Money	-		(57.01)	
Proceeds from Long Term Borrowings	-		-	
Repayment of Finance Lease Liabilities	-		-	
Work in Capital Loan	-		-	
Investment Subsidy	-	(0.93)	-	3,172.45
<b>Net Cash Used in Financing Activities</b>		<b>(1,633.03)</b>		<b>3,117.59</b>
Net Increase/Decrease in Cash & Cash Equivalents				
Opening Balance of Cash & Cash Equivalents		3,195.14		77.55
<b>Closing Balance of Cash &amp; Cash Equivalents</b>		<b>1,562.11</b>		<b>3,195.14</b>

We have verified the Cash Flow Statement of Deccan Exploration Services Private Limited derived from the Audited Statements and the Books and Records maintained by the company for the year ended on 31st March, 2017 and found the same in agreement therewith.

For and on behalf of the Board

As per our report of even date attached.

For **Rao & Venkatesulu**  
Chartered AccountantsS.C.R PESHWA  
DirectorK.KARUNAKARAN  
DirectorK Y Ningoji Rao  
PartnerPlace : Bengaluru  
Date : April 29, 2017Membership No. : 018278  
FRN: 003108S

# DECCAN GOLD MINES LIMITED

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## CONSOLIDATED FINANCIAL STATEMENTS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
**Deccan Gold Mines Limited,**

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Deccan Gold Mines Limited** (herein referred to as "the Holding Company") and its subsidiary (the holding company and its subsidiary together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information( herein referred to as the consolidated financial statements").

#### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these financial statements in terms of the requirements of the companies Act, 2013(herein referred to as "the act") that give a true and fair view of the consolidated financial position, consolidated financial performance and cash flows of the group in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act, read with the rule 7 of the companies (accounts) rules, 2014. The respective board of directors of the companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for insuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the directors of the holding company, as aforesaid.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made there under.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the holding company has an adequate internal financial control system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the holding company's board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor's in terms of their reports referred to in sub-paragraph(a) of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



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**CONSOLIDATED FINANCIAL STATEMENTS**

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**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the group, its associates and jointly controlled entities as at 31st March, 2017,

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- (b) In the case of statement of Profit and Loss, of the LOSS for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Other Matters**

- (a) (We did not audit the financial statements/ financial information of 1 subsidiary, whose financial statement/ financial information reflect the total assets of Rs. 3633.99 lacs as at 31st March, 2017, total revenues of Rs.149.08 Lacs and net cash flows amounting to Rs.1633.03 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relate to the amounts and disclosures included in respect of subsidiary and our reports in terms of sub section (3) & (11) of section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditors.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) rules, 2014;
- e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2017, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164(2) of the Act;
- f) We have audited internal financial controls over financial reporting (IFCoFR) of the company as of 31st March, 2017 in conjunction with our audit of financial statement of the Group Company for the year ended on that date and our report dated 23rd May 2017 as per Annexure I expressing our unmodified opinion on adequacy and operating effectiveness of the internal financial control over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us;

## DECCAN GOLD MINES LIMITED

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### CONSOLIDATED FINANCIAL STATEMENTS

- i) There were no pending litigations which would impact the consolidated financial position of the Group.
- ii) The Group did not have any material, foreseeable losses on long-term contracts including derivative contracts.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.
- iv) The group has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with of books of accounts maintained by the group. Refer Note 27 to the consolidated financial statements.

#### **For V. K. BESWAL & ASSOCIATES**

CHARTERED ACCOUNTANTS

FIRM REGN NO 101083W

CA K.V. BESWAL

PARTNER

Membership Number: 131054

Place : Mumbai

Dated : May 23, 2017

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**CONSOLIDATED FINANCIAL STATEMENTS**

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**Annexure I****Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the consolidated financial statements of **Deccan Gold Mines Limited ("the Holding Company")** and its Indian subsidiary companies (the holding company and its subsidiaries together referred to as "the Group"), as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

**Management's Responsibility for Internal Financial Controls**

2. The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the criteria being specified by management. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the required under the Companies Act, 2013.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Group's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the company's IFCoFR.

**Meaning of Internal Financial Controls over Financial Reporting**

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

# DECCAN GOLD MINES LIMITED

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## CONSOLIDATED FINANCIAL STATEMENTS

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, the Holding Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on the Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

### **For V. K. BESWAL & ASSOCIATES**

CHARTERED ACCOUNTANTS

FIRM REGN NO 101083W

CA K.V. BESWAL

PARTNER

Membership Number: 131054

Place : Mumbai

Dated : May 23, 2017

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017

Amount (₹ in '000)

Particulars	Note No.	As at 31-03-2017	As at 31-03-2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share capital	1	90,677	89,227
(b) Reserves and surplus	2	1,05,810	2,83,484
(c) Employee Stock option Outstanding		72,720	40,953
(d) Share Application Money		3,248	4,576
(e) Minority Interest		-	-
		<b>2,72,455</b>	<b>4,18,240</b>
<b>Non-Current Liabilities</b>			
(a) Long-term Provisions	3	1,704	1,427
(b) Deferred Tax Liabilities		436	280
		<b>2,140</b>	<b>1,707</b>
<b>Current Liabilities</b>			
(a) Trade payables	4	143	5,017
(b) Other current liabilities	5	7,568	6,494
(c) Short Term Provisions	6	827	315
		<b>8,537</b>	<b>11,825</b>
<b>TOTAL (I)</b>		<b>2,83,133</b>	<b>4,31,771</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Goodwill on Consolidation		648	648
(b) Fixed assets	7		
(i) Tangible assets		3,330	3,667
(ii) Intangible assets		2,512	3,121
(c) Long Term Loans and Advances	8	8,516	7,824
(d) Deferred Tax Assets		-	-
		<b>15,006</b>	<b>15,260</b>
<b>Current assets</b>			
(a) Trade Receivables	9	156	156
(b) Cash and cash equivalents	10	2,33,960	4,01,054
(c) Short-term loans and advances	11	33,275	14,610
(d) Other Current Assets	12	736	691
		<b>2,68,127</b>	<b>4,16,511</b>
<b>TOTAL (II)</b>		<b>2,83,133</b>	<b>4,31,771</b>

Notes are integral part of the balance sheet &amp; profit &amp; loss account 1A

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

**Charles E.E. Devenish**  
Chairman

**Sandeep Lakhwara**  
Managing Director

Place : Mumbai  
Dated : May 23, 2017

**K Karunakaran**  
Chief Finance Officer  
Place : Bengaluru  
Dated : May 23, 2017

**S. Subramaniam**  
Company Secretary

# DECCAN GOLD MINES LIMITED

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

### STATEMENT OF CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2017

(Amount in '000)

Particulars	Note No.	For the year ended 31-03-2017	For the year ended 31-03-2016
Other income	13	19,767	9,446
<b>Total Revenue</b>		<b>19,767</b>	<b>9,446</b>
<b>Expenses:</b>			
Employee benefits expense	14	88,401	56,883
Finance costs	15	112	1,280
Depreciation and amortization expense	7	1,958	995
Other expenses	16	22,182	17,681
<b>Total expenses</b>		<b>1,12,652</b>	<b>76,839</b>
<b>Loss before extraordinary items and tax</b>		<b>(92,885)</b>	<b>(67,393)</b>
Exceptional Items		(1)	-
Extraordinary Items Prior year adjustments		-	-
Prior year adjustments		-	-
<b>Loss before tax</b>		<b>(92,887)</b>	<b>(67,393)</b>
Tax expense: (Add)/Less :			
(1) Current tax		827	315
(2) Deferred Tax		156	430
<b>Profit (Loss) for the period before MI</b>		<b>(93,869)</b>	<b>(68,139)</b>
<b>Less : Minority Interest</b>		<b>-</b>	<b>-</b>
<b>Loss for the Period</b>		<b>(93,869)</b>	<b>(68,139)</b>
Earnings per equity share: Basic (in ₹)		(1.04)	(0.96)
Earnings per equity share: Diluted (in ₹)		(1.02)	(0.92)

Notes are integral part of the balance sheet & profit & loss account 1A

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 : May 23, 2017

For and on behalf of the Board

**Charles E.E.Devenish**

Chairman

**Sandeep Lakhwara**

Managing Director

**K Karunakaran**

Chief Finance Officer

**S. Subramaniam**

Company Secretary

Place : Bengaluru

Dated : May 23, 2017

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

## Note : 1 Share Capital

A. Particulars	As at 31 March 2017		As at 31 March 2016	
	Numbers	₹ ('000)	Numbers	₹ ('000)
<b>Authorised</b>				
Equity Shares of ₹1 each	25,00,00,000	2,50,000	25,00,00,000	2,50,000
Preference Share of ₹ 100 each	3,50,000	35,000	3,50,000	35,000
	25,03,50,000	2,85,000	25,03,50,000	2,85,000
<b>Issued, Subscribed &amp; Fully Paid up</b>				
Equity Shares of ₹ 1 each	9,06,77,375	90,677	8,92,27,375	89,227
<b>Total</b>	<b>9,06,77,375</b>	<b>90,677</b>	<b>8,92,27,375</b>	<b>89,227</b>

## B. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Equity Shares			
	As at 31 March 2017		As at 31 March 2016	
	Numbers	₹ ('000)	Numbers	₹ ('000)
At the beginning of the year	8,92,27,375	89,227	5,92,18,250	59,218
Add : Shares Issued on exercise of Employee Stock Options	14,50,000	1,450	4,00,000	400
Add : Shares issued by way of Right issues	-	-	2,96,09,125	29,609
<b>At the end of the year</b>	<b>9,06,77,375</b>	<b>90,677</b>	<b>8,92,27,375</b>	<b>89,227</b>

Particulars	Preference Shares			
	As at 31 March 2017		As at 31 March 2016	
	Numbers	₹ ('000)	Numbers	₹ ('000)
At the beginning of the year	-	-	1,80,000	180
Add : Shares Issued during the year	-	-	-	-
Less : Redeemed during the year	-	-	1,80,000	180
<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## C. Shares held by holding company / ultimate holding company and/or their subsidiaries/associates

Particulars	Nature of Relationship	As at 31 March 2017	As at 31 March 2016
Equity Shares	NIL	NIL	NIL

## D. Detail of shareholders holding more than 5% of shares in the company

Name of Shareholder	Equity Shares			
	As at 31 March 2017		As at 31 March 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Rama Mines (Mauritius) Limited	2,54,71,752	28.09	2,59,94,641	29.13

# DECCAN GOLD MINES LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS

- E (1) During the financial year 2014-15, the Company had granted 30,00,000 stock options to the eligible employees (15,00,000 options on 14 January, 2015 and 15,00,000 options on 10 March, 2015) under the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014. These options have been granted at a price of ₹7/- per option plus all applicable taxes. The options would vest over a period of 2 years (post a lock-in period of 1 year from the date of grant) as decided by the Nomination & Remuneration Committee from the date of grant based on specified criteria. Out of 15,00,000 stock options vested during 2015-16, 4,00,000 stock options have been exercised on 17th February 2016.
- (2) During the financial year 2015-16, the Company had granted stock options to the eligible employees (15,00,000 options on 4th March, 2016) under the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014. These options have been granted at a price of ₹7/- per option plus all applicable taxes. The options would vest over a period of 1 year as decided by the Nomination & Remuneration Committee from the date of grant based on specified criteria.
- F. **Aggregate numbers of shares issued as fully paid up for consideration other than cash, bonus shares issued and shares bought back during the period of 5 years immediately the reporting date.**

Particulars	Aggregate No. of Shares (for last 5 Financial Years)
<b>Equity Shares :</b>	
Fully paid up pursuant to contract(s) without payment being received in cash	NIL
Fully paid up by way of bonus shares	NIL
Shares bought back	NIL

### Note - 2 : Reserve and surplus

Amount ₹ ('000)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>a. Capital Reserves</b>		
Opening Balance	16,726	16,726
(+)/(-) Transfer	-	-
Closing Balance	16,726	16,726
<b>b. Securities Premium Account</b>		
Opening Balance	5,95,990	1,09,942
(+) on allotment of Equity Shares	52,485	4,90,966
(-) Expenses for Increase in Authorise Capital	-	-
(-) Right issue expenses	-	(4,918)
Closing Balance	6,48,475	5,95,990
<b>c. Profit &amp; Loss Account</b>		
Opening balance	(1,50,032)	(81,893)
(+ ) Net Loss /ProfitFor the current year	(93,869)	(68,139)
<b>Closing Balance</b>	<b>(2,43,902)</b>	<b>(1,50,032)</b>
<b>d. Preoperative Expenses</b>		
Opening balance	(1,79,200)	(1,33,056)
(+) Incurred during the year	(1,36,380)	(46,234)
(+) written off and charged to Profit and Loss Account	91	91
<b>Closing Balance</b>	<b>(3,15,489)</b>	<b>(1,79,200)</b>
<b>Total (a+b+c+d+e)</b>	<b>1,05,810</b>	<b>2,83,484</b>

### Note - 3 : Long Term Provisions

Particulars	As at 31 March 2017	As at 31 March 2016
Provision for Gratuity	1,704	1,427
<b>Total</b>	<b>1,704</b>	<b>1,427</b>



**CONSOLIDATED FINANCIAL STATEMENTS****Note - 4 : Trade payables**

Amount ₹ ('000)

Particulars	As at 31 March 2017	As at 31 March 2016
Due to Mirco, small and medium enterprises	-	-
Due to Others	143	5,017
Note: Based on the information available with the Company, there are no suppliers who are registered as micro small & Medium enterprises under The Micro, Small and Medium Enterprises Development Act, 2006, as at 31st March 2017		
<b>Total</b>	<b>143</b>	<b>5,017</b>

**Note - 5 : Other Current Liabilities**

Particulars	As at 31 March 2017	As at 31 March 2016
(i) Statutory dues	5,244	6,284
(ii) Other liability	2,324	210
<b>Total</b>	<b>7,568</b>	<b>6,494</b>

**Note - 6 : Short Term Provisions**

Particulars	As at 31 March 2017	As at 31 March 2016
(i) Provisions For Current Taxes	827	315
<b>Total</b>	<b>827</b>	<b>315</b>

**Note 7 : Fixed Assets**

Fixed Assets	Gross Block				Accumulated Depreciation			Net Block (WDV)	
	Balance as at 01-04-2016	Additions	Disposals	Balance as at 31-03-2017	Balance as at 01-04-2016	for the Year	Balance as at 31-03-2017	Balance as at 31-03-2017	Balance as at 31-03-2016
<b>Tangible Assets :</b>									
Plant and Equipment	1,138	23	-	1,161	1,059	33	1,092	69	79
Vehicles	3,538	135	-	3,673	1,367	275	1,642	2,031	2,171
Computer	1,459	140	-	1,600	444	380	824	776	1,016
Furniture and Fixtures	791	65	-	856	570	26	596	260	222
Office equipment	616	105	-	721	436	92	528	193	180
<b>Total</b>	<b>7,543</b>	<b>468</b>	<b>-</b>	<b>8,011</b>	<b>3,876</b>	<b>806</b>	<b>4,681</b>	<b>3,330</b>	<b>3,667</b>
<b>Intangible Assets :</b>									
Computer software	3,538	543	-	4,081	417	1,152	1,569	2,512	3,121
<b>Total</b>	<b>3,538</b>	<b>543</b>	<b>-</b>	<b>4,081</b>	<b>417</b>	<b>1,152</b>	<b>1,569</b>	<b>2,512</b>	<b>3,121</b>
<b>Capital Work In Progress</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-
<b>Intangible assets under Development</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>11,081</b>	<b>1,011</b>	<b>-</b>	<b>12,092</b>	<b>4,293</b>	<b>1,958</b>	<b>6,250</b>	<b>5,842</b>	<b>6,788</b>
Previous Year	4,260	6,821	-	11,081	3,298	995	4,293	6,788	-

**Note - 8 : Other Non-current Assets**

Particulars	As at 31 March 2017	As at 31 March 2016
Security Deposits	8,516	7,824
<b>Total</b>	<b>8,516</b>	<b>7,824</b>

# DECCAN GOLD MINES LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS

### Note - 9 : Trade Receivables

Amount ₹ ('000)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Unsecured, considered good</b>		
Over Six months	156	-
Others	-	156
<b>Total</b>	<b>156</b>	<b>156</b>

### Note - 10 : Cash and Cash Equivalents

Particulars	As at 31 March 2017	As at 31 March 2016
a. Balances with banks		
On Term Deposit	2,12,633	3,73,617
On current accounts in scheduled bank	21,274	27,408
b. Cash on hand	53	29
<b>Total</b>	<b>2,33,960</b>	<b>4,01,054</b>

### Note - 11 : Short-term loans and advances

Particulars	As at 31 March 2017	As at 31 March 2016
Advance receivable in cash or kind	5,653	3,589
Balance with Government Authorities		
Income Taxes (Net)	3,332	3,502
Service Tax	24,290	7,518
<b>Total</b>	<b>33,275</b>	<b>14,610</b>

### Note - 12 : Other Current Assets

Particulars	As at 31 March 2017	As at 31 March 2016
Accrued Interest	414	586
Prepaid Expenses	322	105
<b>Total</b>	<b>736</b>	<b>691</b>

### Note - 13 : Other Income

Particulars	for the year ended 31 March 2017	for the year ended 31 March 2016
Miscellaneous Income	17	-
Interest Income	19,750	8,979
Consultancy Income	-	467
<b>Total</b>	<b>19,767</b>	<b>9,446</b>

### Note - 14 : Employee Benefit Expenses

Particulars	for the year ended 31 March 2017	for the year ended 31 March 2016
Salaries & wages	12,191	7,368
Contribution to Funds	278	477
Expenses on Employee Stock Option Scheme	75,552	48,710
Staff welfare expenses	380	329
<b>Total</b>	<b>88,401</b>	<b>56,883</b>

**CONSOLIDATED FINANCIAL STATEMENTS****Note - 14 : Finance costs**

Amount ₹ ('000)

Particulars	for the year ended 31 March 2017	for the year ended 31 March 2016
Bank Charges	16	97
Interest Paid	96	1,183
<b>Total</b>	<b>112</b>	<b>1,280</b>

**Note - 15 : Other Expenses**

Particulars	for the year ended 31 March 2017	for the year ended 31 March 2016
Electricity Expenses	335	149
Listing Fees	467	586
Rent	3167	1,992
Rates and taxes	79	68
Repair and maintenance	313	1,613
Directors Remuneration	8400	8,400
Business promotion & Advertisement Expenses	411	75
Travelling and Conveyance	249	269
Communication Expenses	669	568
Legal and Professional fees	5181	1,323
Directors' sitting fees	355	395
Auditor's remuneration	395	179
Preliminary Expenses Written off	91	91
Miscellaneous expenses	1919	1,419
Membership & Subscription fees	152	556
<b>Total</b>	<b>22,182</b>	<b>17,681</b>

**Payments to Auditor**

Particulars	for the year ended 31 March 2017	for the year ended 31 March 2016
For Audit Fee	155	153
For Certification & Others	240	26
<b>Total</b>	<b>395</b>	<b>179</b>

# DECCAN GOLD MINES LIMITED

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## CONSOLIDATED FINANCIAL STATEMENTS

### NOTE `(1A)' OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO BALANCE SHEET AS AT 31st MARCH, 2017

#### (i) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

##### A. Principles of Consolidation

The Consolidated financial statements relate to Deccan Gold mines Limited and its subsidiary Company.

The Consolidated financial statements have been prepared on following basis:

- a) The financial statement of the company and its subsidiary Company are combined on line-by- line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group transactions resulting in unrealized profits/losses in accordance with accounting standard (AS) 21 "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India.
- b) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements

##### B. Basis of accounting

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Companies (Accounts) Rules, 2014 and the relevant provision of Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statement are consistent with those of previous year.

##### C. 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.

##### D. Depreciation

1. Depreciation on Fixed Assets is provided based on the useful life of the assets in the manner prescribed in Schedule II to the Companies Act, 2013.
2. Depreciation on fixed assets added /disposed off during the year is provided on pro-rata basis

##### E. 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.

##### F. 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.

##### G. Taxes on income

- i. Provision for current tax is made with reference to taxable income computed for the accounting period, for which the financial statements are prepared by applying the tax rates as applicable.
- ii. Deferred tax is recognized subject to the consideration of prudence, on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**CONSOLIDATED FINANCIAL STATEMENTS****H. 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 asset's net selling price and value in use

**I. Revenue Recognition**

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

- i. Exploration Income is recognised when services are rendered.
- 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
- iv. Consultancy Income is recognized as and when services are rendered.

**J. 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.

**K. 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 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.

**L. Stock options scheme**

The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India, whereby the intrinsic value of the option is recognised as deferred employee compensation.

The deferred employee compensation is charged to Profit & Loss Account on straight-line basis over the vesting period of the option. The employee stock option outstanding account is shown net of any unamortized deferred employee compensation.

**NOTES TO THE ACCOUNTS:****Note 17:**

Amount ₹ ('000)

	Particulars	31.03.2017	31.03.2016
1.	Capital Commitments	NIL	NIL
2.	Claims made against the company but not acknowledged as debts	NIL	NIL
3.	Contingent Liabilities	NIL	NIL

**Note 18: Expenditure and Earning in foreign currency:**

	Particulars	31.03.2017	31.03.2016
1.	Expenditure in foreign currency	66,259	3,683
2.	Earning in foreign currency	NIL	NIL

# DECCAN GOLD MINES LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS

### Note 19: Related party disclosure

#### a) Name of related parties and relationship

S. No.	Name of the party	Relationship
1	Sandeep Lakhwara	Managing Director
2	Charles E.E. Devenish	Chairman
3	K.R.Krishnamurthy	Director
4	V.K.Gaur	Director
5	Pratima Ram	Director
6	K. Karunakaran	Chief Financial Officer
7	S.Subramaniam	Company Secretary

#### b) Transactions with related parties:-

Amount ₹ ('000)

Sr. No.	Nature	31.03.2017	31.03.2016
1	Managerial Remuneration paid to directors	8,400	8,400
2	Directors Sitting Fees & Audit Committee fees	355	395
3	Remuneration Paid to CFO	3,150	2,520
4	Remuneration Paid to CS	3,990	3,192

**Note 20:** 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 ₹3,155 Lacs as noted in schedule '2 d' 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.

### Note 21: Disclosure in respect of Employee Stock Option Scheme

#### a. Disclosure in respect of Deccan Gold Mines Limited Employee Stock Option Scheme 2014

Particulars	Tranche-I	Tranche-II
No of Options	7,50,000	7,50,000
Method of Accounting	Intrinsic Value	
Vesting Date	14/01/2016	14/01/2017
Exercise Period	14/01/2016 to 13/01/2017	14/01/2017 to 13/01/2018
Grant Date	14/01/2015	14/01/2015
Grant / Exercise Price per share	₹ 7	₹ 7
Market Price on the date prior to the date of grant of option	₹ 44.05	₹ 44.05

Particulars	Tranche-I	Tranche-II
No of Options	7,50,000	7,50,000
Method of Accounting	Intrinsic Value	
Vesting Date	10/03/2016	10/03/2017
Exercise Period	10/03/2016 to 09/03/2017	10/03/2017 to 09/03/2018
Grant Date	10/03/2015	10/03/2015
Grant / Exercise Price per share	₹ 7	₹ 7
Market Price on the date prior to the date of grant of option	₹ 30.80	₹ 30.80

**CONSOLIDATED FINANCIAL STATEMENTS****b. Movement of Options granted**

Particulars	01/04/2016 to 31/03/2017	01/04/2015 to 31/03/2016
Options outstanding at the beginning of the year	26,00,000	30,00,000
Options granted during the year	Nil	Nil
Options vested during the year	15,00,000	15,00,000
Exercised during the year	14,50,000	4,00,000
Options lapsed during the year	Nil	Nil
Options lapsed on account of employee resignation	Nil	Nil
Options outstanding at the end of the year	15,50,000	11,00,000
Options unvested at the end of the year	NIL	15,00,000

Employee Stock Option Outstanding account ₹ 727.20 Lacs (PY ₹ 1165.05 Lacs) & Deferred Employee Compensation account Rs NIL (PY ₹ 755.52 Lacs). Employee Compensation Expenses amounting to ₹ 755.52 Lacs (PY ₹ 487.10 Lacs) is included under the head Salaries and other benefits.

**Disclosure in respect of Deccan Gold Mines Limited Employee Stock Option Scheme 2014 (amended 2016)**

Particulars	Tranche-1
No. of Options	15,00,000
Method of Accounting	Intrinsic Value
Vesting Date	04/03/2017
Exercise Period	04/03/2017 to 03/03/2018
Grant Date	04/03/2016
Grant / Exercise Price per share	₹ 7
Market Price on the date prior to the date of grant of option	₹ 33.70

Particulars	01/04/2016 to 31/03/2017	01/04/2015 to 31/03/2016
Options outstanding at the beginning of the year	NIL	NIL
Options granted during the year	Nil	15,00,000
Options vested during the year	15,00,000	NIL
Exercised during the year	NIL	NIL
Options lapsed during the year	NIL	NIL
Options lapsed on account of employee resignation	NIL	NIL
Options outstanding at the end of the year	15,00,000	NIL
Options unvested at the end of the year	NIL	15,00,000

Note: It may be noted that the Board of Directors of the Company, at their meeting held on February 12, 2016 approved amendment to the Deccan Gold Mines Limited Employee Stock Option Scheme, 2014 (Scheme) on account of the Company's rights issue during October, 2015. Under the amended Scheme, the number of stock options reserved for grant has been revised from 3,000,000 stock options to 4,500,000 stock options. Further, the Nomination & Remuneration Committee of the Board (NRC), at its meeting held on March 4, 2016 fixed the Exercise Price of the 1,500,000 new stock options as ₹ 7/- per stock option (as was the case with the original 3,000,000 stock options). The NRC also granted these 1,500,000 new stock options to the respective allottee (s) in the same proportion as they were granted the original 3,000,000 stock options. Further, it was also decided that 100% of the new stock options would be vested on the allottee (s) post the mandatory lock-in period of 1 year from the date of grant and the exercise period shall remain at 12 months from the date of vesting. On May 11, 2016, the Company received 'in-principle' approval of BSE in respect of the 1,500,000 new stock options.

# DECCAN GOLD MINES LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS

### Note 22: Defined benefit Plans: -

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

Defined benefit Obligation Amount (in ₹)

Sr No.	Particulars	31.3.2017	31.3.2016
1	Current service cost	2,51,657	2,54,980
2	Interest on obligation	71,516	72,826
3	Expected return on plan assets	-	-
4	Net actuarial losses (gains) recognized in year ended	(45,480)	1,49,022
5	Past service cost	-	-
6	Losses (gains) on curtailments and settlement	-	-
	<b>Total, included in 'Employee Benefit Expense'</b>	<b>2,77,693</b>	<b>4,76,828</b>

#### 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 Amount (in ₹)

Sr No	Particulars	31.03.2017	31.03.2016
1	Opening Defined Benefit Obligation	14,26,799	9,49,971
2	Service cost for the year	2,51,657	2,54,980
3	Interest cost for the year on opening D.B.O.	71,516	72,826
4	Actuarial losses (gains)	(45,480)	1,49,022
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	-	-
	<b>Closing defined benefit obligation</b>	<b>17,04,492</b>	<b>14,26,799</b>

#### C. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof - not applicable as the liability is not funded.

#### D. Principal actuarial assumptions at the balance sheet date

Sr. No.	(expressed as weighted averages)	31.3.2017	31.3.2016
1	Discount rate	7.10%	7.65%
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.			



**CONSOLIDATED FINANCIAL STATEMENTS****Note 23: Earnings Per Share**

Amount ₹ ('000)

Particulars	31.3.2017	31.3.2016
Net Profit / (Loss) available to Equity Shareholders	(93,869)	(68,139)
Weighted Average No of Equity Shares	9,03,08,614	7,11,90,144
Basic Earning Per Shares (in ₹)	(1.04)	(0.96)
Diluted Earning Per Shares (in ₹)	(1.02)	(0.92)

**Note 24:** The Board of our Company was approached by Geomysore Services (India) Private Limited (GMSI) for being taken over. This was sought to be achieved through a takeover of Australian Indian Resources Limited, Australia (AIR) which is a key shareholder of GMSI and a 'buy-out' of other interested shareholders. The Company believes that the proposed takeover of GMSI would result in consolidation benefits in terms of gold assets to create a large Indian listed gold company.

GMSI had earlier indicated that it has drawn up a drilling programme of 15,800 m in the Jonnagiri Gold Project.

Subsequently, the Board of the Company decided that the proposed takeover of GMSI would be considered as and when the drilling data from the Jonnagiri Gold Project becomes available from GMSI.

GMSI has completed the drilling program noted above and has undertaken a feasibility study for their Jonnagiri Gold Project, the results of which are being awaited by the Company. Post this, the valuation of the projects of the Company and GMSI will need to be undertaken.

The proposal will then be put to the Board of Directors of the Company and GMSI for their final approval as regards the terms and conditions of the transaction including but not limited to the relevant valuation of shares and the share exchange ratio following which applicable shareholder / regulatory approvals will be sought.

**Note 25: Note on Rights Issue**

During the year the company has raised ₹ 50.34 crores through Right Issues of equity shares. The shares were issued at issue price of ₹17 per share (inclusive of premium of ₹ 16 per share). The shares were issued at the ratio of 1:2 to the shareholders.

The paid up capital of the company prior to this Right issue stood at 5,92,18,250 equity shares of ₹1 each. Accordingly 2,96,09,125 equity shares were offered on Right issue basis and the scheme was kept open from 14th October 2015 to 30th October, 2015.

The allotment of the shares under the Right issue was subscribed 1.3 times of the issue size & the process of the allotment was completed by November, 2015.

The additional shares so issued were admitted for listing/trading on the Bombay Stock Exchange (BSE) with effect from 11th Nov.2015.

The right issue was introduced by the company to utilize the proceeds for financing the following objects :

- Investment in Subsidiary Company
- General Corporate Purpose ; and
- Expenses for the Issue
- Post the allotment of the shares under the Right Issue as discussed above, the promoters i.e. Rama Mines, Mauritius Ltd. holds approximately 29% stake in the company, the balance 71% is being widely held with a significant participation by FILs and Non-resident investors.
- Utilization of proceeds of rights issue by the Company is as under :

For the year ended 31.03.2017

Amount(in ₹)

Balance as on 01.04.2016		8,15,39,915
Amount Utilized:		
General Corporate Purposes:		
Staff cost and other administration Expenses	14088019	
Exploration expenses and other expenses	3343396	
<b>Total</b>	<b>17431415</b>	
<b>Closing balance as on 31.3.2017</b>		<b>64108,500</b>

# DECCAN GOLD MINES LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS

### Note 26 : 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.

### Note 27 - Disclosure on Specified Bank Note (SBNs):

During the year the company had specified bank notes or other denomination as defined in MCA notification G.S.R. 308(E) dated March, 31, 2017 on the details of specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:

Amount (In ₹)			
Particulars	SBNs	Other denomination notes	Total
Closing cash on held as on November 8, 2016	6,35,000	18,586	6,53,586
(+) Permitted receipts	-	5,94,000	5,94,000
(-) Permitted payments	-	4,48,527	4,48,527
(-) Cash deposited in bank	6,35,000	-	6,35,000
<b>Closing cash in hand as on Dec 30, 2016</b>	<b>-</b>	<b>1,64,059</b>	<b>1,64,059</b>

**Note 28 :** Previous year figures have been re-grouped, re-arranged wherever considered necessary.

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 : May 23, 2017

For and on behalf of the Board

**Charles E.E.Devenish**  
Chairman

**K Karunakaran**  
Chief Finance Officer  
Place : Bengaluru  
Dated : May 23, 2017

**Sandeep Lakhwara**  
Managing Director

**S. Subramaniam**  
Company Secretary

## DECCAN GOLD MINES LIMITED

CIN: L51900MH1984PLC034662

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

Amount (in ₹ '000)

	For the year ended 31.03.2017	For the year ended 31.03.2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (Loss) before Tax and after Extraordinary items	(92,885)	(67,393)
Adjustment For :		
Depreciation	1,958	995
Preliminary Expenses Written off	91	91
Interest & Finance charges	112	1,280
Interest received	(19,750)	(8,979)
Expenses on Employee Stock option	75,552	48,710
Reversal of Expenses on Employee Stock Option Scheme	-	-
<b>Operative Loss before Working Capital Changes</b>	<b>(34,922)</b>	<b>(25,296)</b>
Adjustment For :		
Non Current & Current Assets	(19,574)	(7,727)
Trade & Other liability	(3,523)	(895)
<b>Cash Generation from Operations</b>	<b>(58,019)</b>	<b>(33,918)</b>
Direct Taxes	(145)	(1,175)
<b>Net Cash Flow from operating activities</b>	<b>(58,164)</b>	<b>(35,093)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Pre-operative Expenses	(1,36,380)	(46,234)
Proceeds from investments	-	-
Purchases of fixed assets	(1,011)	(6,821)
Purchase of shares from Minority Shareholders	-	(12,000)
Interest Received	19,750	8,979
<b>Net Cash used in investing activities</b>	<b>(1,17,640)</b>	<b>(56,076)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Issue and Share Application Money Received	8,822	5,05,029
Repayment to Preference shareholders	-	(18,000)
Right Issue Expenses	-	(4,918)
Financial Charges	(112)	(1,280)
<b>Net Cash used in financing activities</b>	<b>8,710</b>	<b>4,80,831</b>
<b>D. NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
<b>(A+B+C)</b>	<b>(1,67,094)</b>	<b>3,89,662</b>
Cash and Cash Equivalents as at 1st April 2016	4,01,054	11,392
<b>Cash and Cash Equivalents as at 31st March 2017</b>	<b>2,33,960</b>	<b>4,01,054</b>

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 : May 23, 2017

For and on behalf of the Board

**Charles E.E. Devenish**  
 Chairman

**K Karunakaran**  
 Chief Finance Officer  
 Place : Bengaluru  
 Dated : May 23, 2017

**Sandeep Lakhwara**  
 Managing Director

**S. Subramaniam**  
 Company Secretary

## NOTES

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## NOTES

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**REGISTERED OFFICE**

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