

**DEEP INDUSTRIES LIMITED**  
Oil and Gas  
Exploration and Services



**21st Annual Report  
2010-2011**



**DEEP INDUSTRIES LIMITED**  
**21<sup>st</sup> Annual Report 2010-11**

**BOARD OF DIRECTORS**

Mr. Paras S. Savla	Chairman & Managing Director
Mr. Rupesh K. Savla	Managing Director
Mr. Dharen S. Savla	Executive Director
Mr. Harish G. Bhide	Independent Director
Mr. Vijay R. Shah	Independent Director

**BANKERS**

State Bank of India  
Axis Bank Ltd.  
Bank of Baroda  
HDFC Bank Ltd.  
Deutsche Bank

**AUDITORS**

M/s. Jayesh M. Shah & Co.  
Chartered Accountants

**SHARE TRANSFER AGENT**

Link Intime India Private Limited  
211, Sudershan Complex,  
Mithakhali Six Roads, Navrangpura,  
Ahmedabad - 380 009.

**REGISTERED OFFICE**

Opp. Suryanarayan Bungalows,  
Sabarmati-Kalol State Highway,  
Motera, Gandhinagar - 380 005

**CORPORATE OFFICE**

6th Floor, Astron Tower,  
Opp. Fun Republic Cinema,  
S. G. Highway,  
Ahmedabad - 380 015.

**C O N T E N T S**

Notice	1-2
Directors' Report	3-5
Corporate Governance Report	6-11
Management Discussion and Analysis	12-16
Auditors' Report	17-19
Balance Sheet	20
Profit & Loss Account	21
Cash flow Statement	22
Schedules forming part of Accounts	23-33
Statement Under Section 212	34
Consolidated Auditors' Report	35
Consolidated Financial Statements	36-48



## NOTICE

NOTICE is hereby given that the TWENTIFIRST ANNUAL GENERAL MEETING of the members of Deep Industries Limited will be held on Wednesday, the 7<sup>th</sup> September, 2011 at 10.30 A.M at Conference Room, GCA Club House, Sardar Patel Stadium, Motera, Gandhinagar, Gujarat to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vijay R. Shah, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Dharen S. Savla, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.
5. To declare dividend on Equity Shares.

**Date:** 06.08.2011

**Registered Office:**

Opp. Suryanarayan Bunglows,  
Sabarmati- Kalol State Highway,  
Motera, Gandhinagar-380005

By Order of Board of Directors

**PARAS SAVLA**  
Chairman & Managing Director

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Book of the company will remain closed from 1<sup>st</sup> September, 2011 to 7<sup>th</sup> September, 2011 (both days inclusive).
3. Members holding shares in physical form are requested to intimate Registrar and Share Transfer Agent of the company i.e. Link Intime India Private Limited, 211 Sudarshan Complex, Near Mithakali Six Roads Navrangpura, Ahmedabad-380009 change, if any, in their registered address along with pin code. Members holding shares in electronic form may update such details with their respective Depository Participant.
4. Corporate Members intending to send their authorised representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
5. Members/Proxies are requested to bring the Attendance Slip duly filled in.
6. As a measure of austerity, copies of the Annual Report will not be distributed at the Annual General Meeting; Members are requested to bring their copy of the Annual Report to the Meeting, if they need to refer to it.
7. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, where the equity shares of the company are listed, additional information pertaining to Directors proposed for re- appointment at the Annual General Meeting is attached hereto.



8. As per the Circular of the ministry of Corporate Affairs of "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21-04-2011 and Circular No. 18/2011 dated 29-04-2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices/documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. Members, who hold the shares in dematerialized form are requested to register their email ids with their depository participants and the members holding the share in physical form, are requested to register their email ids with the Company's Register and Share Transfer Agents on the address given above.

**Date:** 06.08.2011

**Registered Office:**

Opp. Suryanarayan Bunglows,  
Sabarmati- Kalol State Highway,  
Motera, Gandhinagar-380005

By Order of Board of Directors

**PARAS SAVLA**  
Chairman & Managing Director

**Details of Directors seeking re-appointment at the Annual General Meeting**  
( in pursuance of clause 49 of the Listing Agreement )

Name of the Director	Brief Resume and nature of Expertise in Functional area	List of other Directorship/ Committee membership in other Public Companies as on 31 <sup>st</sup> March 2011
Mr. Vijay R. Shah	He is a Fellow Member of the Institute of Chartered Accountants of India and has more than 25 years of experience in Accounts and Finance, been into practice undertaking various statutory audits, taxation and project appraisals.	<b>Other Directorship</b> Kautilya Fin Securities Limited Saurashtra Chemicals Limited  <b>Committee Membership</b> NIL
Mr Dharen S. Savla	B.Com from Gujarat University, Ahmedabad MBA from Swinburne University of Technology, Australia and having More than 7 years of experience in handling human resources and organising training programmes for implementing different jobs for different sites and looking after Work Over Rig activities as well.	<b>Other Directorship</b> Deep Natural Resources Limited  <b>Committee Membership</b> NIL



## DIRECTORS REPORT

To  
The Members  
Deep Industries Limited,  
Ahmedabad.

Your Directors have pleasure in presenting Twenty-first Annual Report together with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2011.

### FINANCIAL RESULTS:

	( Rs. In Lacs)	
Particulars	2010-11	2009-10
Sales/ Income from Operation	4627.38	5533.80
Other Income	186.98	74.66
Expenditure	2125.1	2492.62
Profit Before Interest and Depreciation	2689.26	3115.84
Less: Interest	312.94	415.32
Profit Before Depreciation	2376.32	2700.52
Less: Depreciation	623.24	583.07
<b>Profit Before Tax</b>	<b>1753.08</b>	<b>2117.45</b>
Less: Provision for: Current Taxation F.B.T	350.00	438.50
Short Provision of Taxation	0	—
Deferred Taxation	217.47	242.36
Net Profit	1185.61	1436.59
Balance brought forward from last year	3170.2	1984.19
Exceptional Items (Profit/Loss)	0	0.00
Profit available for appropriation	4355.81	3420.78
<b>APPROPRIATIONS:</b>		
Transfer to General Reserve	150	150.00
Investment Reserve Fund	1.38	(23.72)
Proposed Dividend	117.5	106.25
Proposed Dividend Distribution Tax	19.52	18.05
Balance carried to Balance Sheet	4067.41	3170.20

### DIVIDEND

Your Directors have recommended final dividend of Re.0.50/- (5 per cent) per Equity Share each of Rs.10/- for financial year ended on 31<sup>st</sup> March, 2011, which, if approved at the ensuing Annual General Meeting will be paid to (i) those Equity Shareholders whose name appear in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before 31<sup>st</sup> August, 2011 and (ii) to those members whose particulars as beneficial owners are furnished for this purpose, by the Depositories, viz. National Securities Depository Limited and Central Depository Services (India) Limited.

### MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussion and Analysis (MDA), which forms part of this report, inter alia, deals adequately with the operations as also current and future outlook of the company.

### CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a separate section titled "Corporate Governance" is attached to this Annual Report.

A certificate from the Practicing Company Secretary confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the listing agreement is annexed to the Report.



## DIRECTORS

Mr. Vijay R. Shah and Mr. Dharen S. Savla retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re- appointment.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors responsibility statement, it is hereby confirmed:

- i. That in preparation of the Annual Accounts, all the applicable accounting standards have been followed.
- ii. That the accounting policies are adopted and consistently followed and the judgments and estimates made 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 profit of the company for the financial year.
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/ detecting fraud and irregularities.
- iv. That the Directors have prepared the Annual Accounts on the going concern basis.

## SUBSIDIARY COMPANY:

The Company has not attached annual accounts of subsidiaries namely Deep Energy, LLC in USA, 'Deep Natural Resources Limited' and 'Prabha Energy Pvt. Ltd.' for the Financial Year ended on 2010-11. The Company hereby undertakes that annual accounts of the subsidiaries companies and the related detailed information shall be made available to shareholders of holding Company Deep Industries Limited and subsidiaries Companies Deep Energy, LLC, USA, 'Deep Natural Resources Limited' and 'Prabha Energy Pvt. Ltd.' seeking such information at any point of time. The annual accounts of the subsidiaries companies shall also be kept for inspection by any shareholder in the Registered office of the holding and of the subsidiaries companies concerned. The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand. The statement under Section 212 of the Companies Act, 1956 for the Financial Year ended on 31<sup>st</sup> March, 2011 is also attached.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investment in Subsidiary Companies, the Audited Consolidated Financial Statements are provided in the Annual Report. These statements have been prepared on the basis of financial statements received from subsidiary and associates companies, as approved by their respective boards.

## AUDITORS

The Audit Committee of Board of Directors of the Company has recommended the appointment of M/s. Jayesh M. Shah & Co., Chartered Accountants, who retire at the conclusion of the ensuing Annual General Meeting. The Auditors have offered themselves for re-appointment. The Board recommends their appointment by the members. They have submitted certificate regarding their eligibility for appointment under Section 224(1-B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

Notes to Accounts at Schedule 18 of Balance Sheet are self-explanatory in respect of any qualification of auditors in their Report.

## INSURANCE

All movable properties as owned by the company continued to be adequately insured against risks.

## PARTICULARS OF EMPLOYEES

The company has not paid any remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employee) Rules, 1975.

## CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company is not engaged in activities specified in Companies, (Disclosure of Particulars in Report of Board of Directors) Rules 1988, and as such the company is not required to give information relating to conservation of energy. The Company is not using any particular technology and as such information relating to technology absorption is not required to be given.



#### FOREIGN EXCHANGE EARNING AND EXPENDITURES

The information in respect of Foreign Exchange Earnings and Outgo as required by Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 is given below:

( Rs. in Lacs )

Particulars	2010-11	2009-10
Earnings	Nil	Nil
Outgo	1058.39	602.92

#### DEMAT ESCROW A/C

The Company is having 'IPO Escrow account', in which the Company holds allotted shares and dividend due on shares lying in IPO escrow account which could not be credited to allottees account. As on date, there are Four (4) shareholders whose 1489 shares are pending with this account.

SR NO	APPLNO	NAME	DPCLITID	ALLOT
1	2199454	ISHWAR KHURANA(O.L 29.01.08)	IN30010911682246	329
2	3427777	SHWETANKI SHARMA		219
3	2280655	VISHESH JIGNESH SHAH(R)	IN30169610681279	766
4	3470150	NIRMALA SONI	IN30115114818807	175
				1489

#### ACKNOWLEDGEMENTS

Your Directors wish to place on record their deep sense of appreciation for the commitment displayed by all the employees of the Company resulting in successful performance during the year under review.

Your Directors also take this opportunity to place on record the co- operation and continued support extended by the Banks, Government Authorities and Shareholders during the year under review.

**Date:** 02.06.2011

**Registered Office:**

Opp. Suryanarayan Bunglows,  
Sabarmati- Kalol State Highway,  
Motera, Gandhinagar-380005

For and on behalf of the Board Of Directors.

**PARAS SAVLA**  
Chairman & Managing Director



## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The principle characteristics of corporate governance are Transparency, Independence, Accountability, Responsibility, Fairness and Social Responsibility. Corporate Governance pertains to system of blending law, regulations and voluntary practices, which enables the company to attract financial and human capital, perform efficiently and thereby perpetuate it into generating long term economic value for its shareholders, while respecting interests of other stakeholders and the society as a whole. We take pleasure in reporting that your Company's existing policies and procedures are in conformity with the requirements stipulated under Clause 49 of the Listing Agreement and the Company takes feedback into account in its periodic reviews of the guidelines to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors and all other stakeholders.

### CEO/CFO Certificate

In terms of Clause 49 of the Listing Agreement, the certification by the Chief Financial Officer on the financial statements has been obtained.

### BOARD OF DIRECTORS

As on 31<sup>st</sup> March, 2011, the Board of Directors comprised of six Directors out of which three Directors are Executive, Non-Independent and three Directors are Non – Executive, Independent, the details of which are as follows:

#### Composition and Category of Directors

Name of Directors	Category of Directorship	No. of board meeting attended	Attendance at last AGM	Member/ Chairman of other Board Committee	Number of other Directorship held
Paras S. Savla ( Chairman & Managing Director)	Executive, Non-Independent	13	Yes	NIL	8
Rupesh K. Savla ( Managing Director)	Executive, Non-Independent	13	Yes	NIL	6
Dharen S. Savla ( Executive Director)	Executive, Non-Independent	11	Yes	NIL	3
Vijay R. Shah ( Director )	Non-Executive, Independent	8	Yes	6	3
Harish G. Bhide ( Director )	Non-Executive, Independent	4	No	NIL	NIL
Prabodh Kumar Baruah ( Director )	Non-Executive, Independent	5	No	NIL	NIL

#### Number of Board meetings held and the date on which held

Board Meeting	Date	Board Meeting	Date
1.	26.04.2010	8.	09.12.2010
2.	17.05.2010	9.	31.12.2010
3.	22.07.2010	10.	17.01.2011
4.	25.08.2010	11.	07.02.2011
5.	31.08.2010	12.	08.03.2011
6.	22.10.2010	13.	23.03.2011
7.	12.11.2010		

### AUDIT COMMITTEE

The Audit Committee as on 31<sup>st</sup> of March, 2011 comprised of three Non – Executive, Independent Directors. The constitution of Audit Committee also meets with the requirement under sec 292A of the Companies Act, 1956.

The terms of reference of Audit Committee cover the matter specified for Audit Committee under the clause 49 of the Listing Agreement and Section 292A of the Companies Act 1956, which is as under:

- Supervision of the Companies Financial Reporting process.



- Reviewing with the Management, the Financial Result before placing them to the Board with a special emphasis on accounting policies and practices, internal controls, compliances with accounting standards and other Legal requirements concerning financial statements.
- Reviewing the adequacy of the audit and compliance function, including their policies, procedures, techniques and other regulatory requirements with the statutory auditors.
- Reviewing the observation of statutory auditors about the finding during the audit of the company.
- Keeping watch on timely payment to shareholders and creditors.
- Reviewing the performance of Statutory Auditors.
- Reviewing the management discussion and analysis of financial condition and result of operations.
- Reviewing of significant related party transactions, if any.

Mr. Vijay R. Shah is the Chairman of the Committee. The Chairman was present at the last Annual General Meeting. The Audit Committee comprised of the following:

Name	Designation	Category	Committee meeting attended
Mr. Vijay R. Shah	Chairman	Non-Executive, Independent	4
Mr. Harish G. Bhide	Member	Non-Executive, Independent	2
Mr. Prabodh G. Baruah	Member	Non-Executive, Independent	3

Four meetings of Audit Committee were held during the Financial year 2010-11 on the following dates:

Committee Meeting	Date	Committee Meeting	Date
1.	26.04.2010	3.	22.10.2010
2.	22.07.2010	4.	07.02.2011

#### INVESTORS GRIEVANCES COMMITTEE

##### Composition

As on 31<sup>st</sup> March, 2011 Investors Grievance Committee comprised of the following three Non- Executive, Independent Directors and one Executive Non-Independent Director as follows :

Name	Designation	Category	Committee meeting attended
Mr. Vijay R. Shah	Chairman	Non-Executive, Independent	4
Mr. Harish G. Bhide	Member	Non-Executive, Independent	2
Mr. Prabodh G. Baruah	Member	Non-Executive, Independent	3
Mr. Paras Savla	Member	Executive, Non-Independent	4

##### Terms of Reference

Investors Grievances Committee meets periodically for the redressal of investors grievances related to share transfer, transmissions, transpositions, rematerialisation, split and issue of duplicate share certificates, non receipt of Annual Report, non receipt of declared dividend and such other related issues.

Four meetings of Investors Grievances Committee were held during the financial year 2010-11 on the following dates:

Committee Meeting	Date
1.	26.04.2010
2.	22.07.2010
3.	22.10.2010
4.	07.02.2011

#### REMUNERATION COMMITTEE

##### Composition

As on 31<sup>st</sup> March, 2011 Remuneration Committee comprised of the following Directors:

Name	Designation	Category	Committee meeting attended
Mr. Vijay R. Shah	Chairman	Non-Executive, Independent	4
Mr. Harish G. Bhide	Member	Non-Executive, Independent	2
Mr. Prabodh G. Baruah	Member	Non-Executive, Independent	3



Details of Remuneration of Managing Directors and Executive Director for the Financial year 2010-11 are as under:

Sr No.	Name of Director	Amount Paid (Rs. In Lacs)
1.	Paras Savla (Chairman & Managing Director)	20.39
2.	Rupesh Savla (Managing Director)	18
3.	Dharen Savla (Executive Director)	18.3

Four Meetings of Remuneration Committee were held during the Financial year 2010-11 on the following dates:

Committee Meeting	Date
1.	26.04.2010
2.	22.07.2010
3.	22.10.2010
4.	07.02.2011

### ROUTINE TRANSACTION COMMITTEE

#### Composition

As on 23<sup>rd</sup> March, 2011, to speed up the routine business matters and to comply with other statutory formalities of the Company, the Company has constituted Routine Transaction Committee, which comprised of the following Directors:

Name	Designation	Category	Committee meeting attended
Mr. Paras Savla	Chairman	Executive, Non-Independent	1
Mr. Rupesh Savla	Member	Executive, Non-Independent	1
Mr. Dharen Savla	Member	Executive, Non-Independent	1

#### Terms of Reference

The committee shall have empowered to do all such acts, things and deeds as may be considered necessary for carrying on ordinary course of business of the Company, including but not restricted to:

- applying for the tender in the name or on behalf of the Company;
- opening or closing of company's bank account(s);
- making application to or representation before any statutory, legislative or judicial authority or government department;
- appointment of agents or authorize any person to discharge their obligation(s) or duty (ies) or to exercise their right(s) and power.

Only one meeting of Routine Transaction committee held during the Financial year 2010-11 on 23<sup>rd</sup> March, 2011.

### GENERAL BODY MEETING

Details of last three Annual General Meetings:

Year	Date	Time	Venue
2007-08	30.05.2008	2.00 P.M	Shree Vishwakarma Hall, Sabarmati Gandhinagar Highway, Near Visat Petrol Pump, Motera Gandhinagar
2008-09	05.06.2009	4.00 P.M	Shree Vishwakarma Hall, Sabarmati Gandhinagar Highway, Near Visat Petrol Pump, Motera Gandhinagar
2009-10	08.06.2010	10.30 A.M.	Conference Room, GCA Club House, Sardar Patel Stadium, Motera, Gandhinagar, Gujarat

### NOTE ON DIRECTORS APPOINTMENT/RE-APPOINTMENT

Mr. Vijay R. Shah and Mr. Dharen Savla, Directors of the company are retiring by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

### Disclosures

- The Company had transactions with related parties as defined in the Accounting Standard and it has been shown in notes to accounts in the Annual report of the Company and None of the transactions with any of the related parties were in conflict with the interest of the Company.
- The Company has complied with the requirements of regulatory authorities on matters related to capital markets and no penalties /strictures have been imposed against the Company during the last three years.
- The Company has complied with all the mandatory requirements and the non-mandatory requirements of Clause 49 of the Listing Agreement.



## MEANS OF COMMUNICATION

The Quarterly, Half yearly and Annual results are published in English and Gujarati newspapers. The same were sent to the Stock Exchange.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report (MDA) forms part of the Annual Report.

## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

<b>Date</b>	: 7 <sup>th</sup> September, 2011.
<b>Time</b>	: 10.30 a.m.
<b>Venue</b>	: Conference Room, GCA Club House, Sardar Patel Stadium, Motera, Gandhinagar, Gujarat
<b>Date of Book closure</b>	: 1 <sup>st</sup> September, 2011 to 7 <sup>th</sup> September, 2011 (Both days inclusive)

### Financial calendar

Results for first quarter ending June 30, 2011.	: On or before 14 <sup>th</sup> August, 2011
Results for second quarter ending September 30, 2011	: On or before 15 <sup>th</sup> November, 2011
Results for third quarter ending December 31, 2011	: On or before 14 <sup>th</sup> February, 2012
Results for fourth quarter ending March 31, 2012	: On or before 14 <sup>th</sup> May, 2012

### Listing on Stock Exchange

The equity shares of the Company are listed on the Bombay Stock Exchange Limited. (BSE)(Scrip Code is 532760) and National Stock Exchange Limited (NSE) (Scrip Code is DEEPIND).

The company has paid annual listing fees for the year 2011-12.

### Market Price Data: High, Low during each month in last Financial Year till 31<sup>st</sup> of March, 2011.

MONTH	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April, 2010	122	106.1	121.8	105.55
May, 2010	111.5	82	112	82.1
June, 2010	107.4	86	109	86.5
July, 2010	113.75	102	113.1	102
August, 2010	107.9	88.3	108.5	88.15
September, 2010	105	89.15	105.5	89.55
October, 2010	101.9	89.7	101.9	89.85
November, 2010	113.4	84	113.4	81.5
December, 2010	105.95	75.05	105.4	80.3
January, 2011	107.1	68.55	92.5	68.15
February, 2011	74.7	53.6	74.85	50.3
March, 2011	66.5	53.5	66.45	54.05

### Registrar and Share Transfer Agents

For the lodgment of transfer deeds and other documents or for any grievances / complaints, investors may contact the Companies Registrar and Transfer Agent at the following address:

#### Link Intime India Private Limited

211, Sudarshan Complex, Mithakali Six roads, Navrangpura,  
Ahmedabad-380009

Phone: 26465179 Fax: 26465179

e-mail: ahmedabad@linkintime.co.in

### Share Transfer System

The Board of Directors of the Company has delegated the power of share transfer, splitting / consolidation of the share certificate and issue of duplicate share, rematerialisation of shares to the Registrar and Share Transfer Agent. The Registrar



and Share Transfer Agent register the share received for transfer in physical mode, within 30 days from the date of lodgement, if documents are complete in all respects.

#### Dematerialization of Shares and Liquidity

As on 31<sup>st</sup> March, 2011, 23499889 Equity Shares of the Company, representing 99.99 % of the Share Capital of the Company are in electronic form.

#### Distribution of shareholding as on 31<sup>st</sup> March 2011.

No. of Shares	No. of Holders	Total No. of the Holders %	No. of Shares	Total No. of Shares %
1 to 500	11301	86.43	1659120	7.06
501 to 1000	905	6.92	740213	3.15
1001 to 2000	419	3.2	648590	2.76
2001 to 3000	149	1.14	381705	1.62
3001 to 4000	67	0.51	241760	1.03
4001 to 5000	67	0.51	321129	1.37
5001 to 10000	80	0.61	606165	2.58
10001 and above	88	0.68	18901318	80.43
<b>Total</b>	<b>13076</b>	<b>100.00</b>	<b>23500000</b>	<b>100.00</b>

#### Shareholding Pattern as on 31<sup>st</sup> March 2011.

Sr.No.	Category	No. of shares held	% of shareholding
1	Promoters	1,28,85,150	54.83
2	Mutual Fund and UTI	20,78,078	8.84
3	Banks, Financial Institutions, Insurance Co. ( Central/ State Government Institution )	8000	0.03
4	Foreign Institutional Investors	4,70,311	2
5	Private Corporate Bodies	19,77,546	8.42
6	NRIs/OCBs	1,25,631	0.53
7	GDR	-	-
8	Indian Public (including Clearing Members)	59,55,284	25.35
	<b>Total</b>	<b>2,35,00,000</b>	<b>100</b>

#### Address for correspondence

The shareholders may address their communication / grievances at the following address.

#### The Compliance Officer

#### Deep Industries Limited

6<sup>th</sup> Floor, Astron Tower, Opposite Fun Republic Cinema, S.G. Highway, Ahmedabad-380015.

#### Declaration

All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management, as approved by the Board.

Place : Gandhinagar

Date : 02.06.2011

**PARAS SAVLA**

Chairman



## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members  
Deep Industries Limited,  
Ahmedabad.

We have examined the compliance of conditions of Corporate Governance by Deep Industries Ltd. for the year ended 31<sup>st</sup> March, 2011, as stipulated in clause 49 of the Listing agreement of the said Company with the Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of Management. Our Examination was limited to the procedure 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 Statement of the Company.

In our Opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company.

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 Rajesh Parekh &Co.**  
Practicing Company Secretaries

Date : 02.06.2011  
Place : Ahmedabad

**Rajesh G. Parekh**  
Proprietor  
M. No. 8073



## MANAGEMENT DISCUSSION AND ANALYSIS

### COMPANY OVERVIEW

**Deep Industries Limited (DIL)** is a well diversified Company with Business Interests in Air and Gas Compression, Work over and Drilling, Marginal Field Natural Gas Projects, Coal Bed Methane Projects and Oil and Gas Exploration Projects. DIL is India's largest Gas Compression services provider and has expanded its Oil Field services to work over activities. From its Drilling to Dispensing plan DIL has also expanded its arms to Exploration and Production Business of Oil, Gas and Coal Bed Methane. DIL is providing value added Engineering Services to various Public Sector and Private Sector Undertakings in India. Deep Energy LLC, USA, Deep Natural Resources Limited and Prabha Energy Private Limited are the subsidiaries of the Company. Deep Industries Ltd is focusing towards expanding its operation to United States of America (USA), Asian countries and the southern part of India for providing services as an outsourcing service provider to Oil & Gas Industry.

### INDUSTRY OUTLOOK

2011 is looking like a great year for the Oil and Gas Industry. Many projects put on hold during the recession are kicking off again and new projects continue to be planned. Global demand for drilling rigs is at an all time high. Oil companies can offset the cost of decommissioning with high oil price and continue to expand into new areas. New rigs are being ordered, new fields developed, old fields re-visited with new technology and the renewables industry is growing. We expect that the ties between the government and its majority-owned oil companies will not weaken and India's state-owned oil companies will continue to dominate the sector. Unless crude oil prices rise significantly, the market-linked petrol pricing regime that was implemented in 2010 will continue to operate in 2011. Industry will have to be more techno innovative and cost effective to ensure adequate supplies of oil and natural gas at affordable prices. There exploitation requires significant technology and capital infusion. To meet various exploration targets, availability of sufficient number and capacities of Rigs and Exploration equipments equipped with latest technologies are of vital importance.

To meet this increasing pace of Industry requirements, the company is raising fund for investment in equipments & technologies to ensure availability of quality resources with latest technologies.

### THE ECONOMY

#### Indian Scenario

Energy is the fuel for development. India being a developing nation is starving for energy and hence various initiatives for developing this sector are being taken keeping in mind the country energy security. Indian Oil & Gas industry has evolved quiet strongly. The oil and gas industry is amongst the six core industries in India. This industry is a major factor for the growth being witnessed in the Indian economy today. The petroleum and natural gas sector, which is inclusive of refining, transportation, and marketing of these products, contributes about 15% to India's GDP.

Some of the government initiatives to strengthen the industry are:

- 100% FDI is also granted in cases of petroleum products, gas pipelines, exploration, and marketing or retail via the automatic route.
- It has also abolished the administrated pricing policy.
- With NELP (New Exploration Licensing Policy) it has helped encourage further explorations for oil and gas reserves in India.

#### Opportunities :

- The industry is anticipated to witness increase in private sector investments owing to the price de-regularization of petrol. This will enable the rapid expansion of the fuel distribution network in the country.
- The Indian companies like GAIL and ONGC have started to buy oil and gas resources overseas in countries like Kazakhstan, Sudan and other African countries, placing the country on the same pedestal as advanced economies like US and China. This may help the country in decreasing its dependence on other countries for its energy needs, thus leading towards the more stable economy.
- The refinery and fuel retailing holds maximum potential for investors owing to the large incentives offered by government in both these sectors.
- The current oil price environment should also benefit producers, particularly those international players having attractive growth opportunities in their home markets.



#### Threats:

- **Human Capital Deficit** :The growing human capital deficit in the sector has become a significant strategic threat to the industry.
- **Worsening Fiscal Terms** :Worsening fiscal terms are seen as a high risk. In some cases, this is due to energy nationalism, although in others it is purely the result of political opportunism and high prices.
- **Cost Controls** :The third operational threat is the inability to control costs. This threat was considered great enough to have a strategic impact, and a failure to manage the threat could undermine the competitiveness of oil and gas companies.
- **Uncertain Energy Policy**: An increasing risk for the oil and gas industry is the uncertainty of energy policy.
- **Demand Shocks** : Demand shocks could be triggered by a number of global economic crises.
- **Climate Concerns**: Our oil and gas panel may have been encouraged to rank the rise of climate change concern as a significant risk. Many existing plants and equipment have been designed on the basis of historic climatic conditions and may not withstand changing environmental conditions
- **Supply Shocks** : Another risk for the industry is that of sudden and unexpected disruptions to global energy supplies.
- **Drop in value of financial assets**: To meet the growing demand for energy, oil and gas companies need to continue securing investment for new exploration.

#### STRATEGY OF THE COMPANY

Deep Industries Limited is the *only company in India* with its presence in Oil and Gas services as well as in Exploration and Production business. In the services industry we are heading towards becoming an *integrated service provider* and shortly we will get into the business of hydrofracturing, cementing and mud logging. Along with good project management skills and well trained manpower, we have collaboration with technically sound and competent Service providers, and so as to address our customers need aptly.

#### GAS COMPRESSION BUSINESS

##### Strengths and Highlights:

With 90% of the market share we are the first and the largest contract compression service provider in India. We currently have 16 gas Compression projects in our hand with various Public and Private sector companies of India. Contract value of projects is more than 230 Crores. The Company executes contract compression on turnkey basis, which includes supply of Equipment, Installation, Commissioning, Operation & Maintenance of Gas Engine driven compressor packages. DIL's current fleet includes 30 Air & Gas Compressors that range from 50 HP to 1500 HP and has compressed over 4 Billion Cubic Meters of natural gas till date. To further strengthen the operational and technical capabilities in the Gas compression field, DIL has an active technical backup from M/s Valerus Compression Services, USA and are the only authorized representatives of Valerus in India. The Company also has tie-ups with reputed and experienced packagers in USA for the supply of Gas Compression Packages.

##### Current Developments in Compression business:

We currently have 16 Gas Compression projects in our hands with various Public and Private sector Companies of India. Contract value of projects is more than 23000 Lacs. Our long term Vision is to contribute to the complete value chain & achieving international standards of excellence. Our focus is on maximizing shareholder's wealth and establishing first class corporate and brand image.

#### WORK-OVER ACTIVITY BUSINESS

##### Key Highlights:-

We are one of the best companies in India in terms of providing the workover services to the Clients with a workover experience of more than 7 years . Currently we have 6 Workover Rigs of various capacities operating with various renowned E&P Companies in Oil & Gas sector across India and have done workover operations for more than 300 wells. DIL has been successful in serving long term contracts with Indian National Oil Company ONGC and other esteemed organizations like Gujarat State Petroleum Corporation Limited ("**GSPC**"), Oil India Ltd. Etc.

To further strengthen its technical and operational capabilities within the Work Over & Drilling services, the Company has made technical collaboration with United Gulf Energy Resources L.L.C., Oman. This collaboration has opened a wider arena of business spectrum for higher capacities of rigs for the Company. The company has shown substantial growth in this sector. Our HSE policy is well defined and is inline with International and Industrial safety norms.



We are having two drilling rigs out of which one is deployed with one of the largest private sector E&P company ESSAR. We provide Operation and Maintenance services for work over Rigs with technically skilled force multipliers. We have bid for many such drilling jobs within India as well across the globe. Looking forward to the drilling opportunities present in the Indian E&P sector, we expect high growth in this segment and thereby become one of the leading drilling service provider in India in near future.

#### EXPLORATION AND PRODUCTION BUSINESS:

Under its Drilling to dispensing plan, DIL has entered into E & P space through forward integration by acquiring Coal Bed Methane, Oil and Gas and Marginal fields assets. Having been allotted two blocks in CBM-III round, one each in Singrauli (M.P) and Godavari (A.P) and one Oil and Gas block in seventh round of International competitive bidding round NELP-VII, the future growth of the Company will be driven by successful development of these blocks.

#### COAL BED METHANE (CBM ) PROJECT

##### Key Highlights:-

With depleting conventional Oil & Gas resources and ever growing energy demand, need for unconventional resources has increased leap-bound. India has a good coal resource and thus GOI has come up with CBM as an unconventional energy source. We have been awarded 2 CBM blocks namely SR-CBM-2005/III & GV(N)-CBM-2005/III under CBM III bidding round by outbidding some major national and international E&P companies.

To monetize the underground/subsurface accumulation of hydrocarbon reserve, DIL has signed a Contract for Exploration and Production of Coal Bed Methane for both the blocks with Government of India for a period of 34.5 years.

DIL has already been awarded Environmental Clearance, Petroleum exploration license and Consent to Operate for Singrauli Block. Out of 8 core holes, 7 Core holes completed and Gas Analysis, Logging, and Packer Testing, Core drilling of last corehole is in progress. Based on Core hole data, DIL is all set to go for drilling of Test wells.

Deep Industries Limited has been accorded Environmental Clearance from the Ministry of Environment and Forests, Government of India on 19/02/2008 for Godavari (North) Block. Consortium has already applied to the Department Mines and Geology, Government of Andhra Pradesh for the Petroleum Exploration License (PEL) and is awaiting the same. Land Acquisition for the Core Hole drilling is in progress.

#### MARGINAL FIELDS

##### Key Highlights:

The company has signed Service Contract for the development of three marginal fields with ONGC. The blocks are falling in North-Western Rajasthan includes Ghotaru, Bankia and Kharatar. These fields, which form a part of the Jaisalmer-Mari High basin and spread over an area of 100 sq. km and have a cumulative natural gas reserve base of 1.42 BCM. Marginal fields offer significant upside potential in terms of reserve accretion. Total Number of Gas bearing wells available in Ghotaru, Bankia and Kharatar Fields are five, two and four respectively.

##### Current Status of the project:

#### CURRENT STATUS

Work Program	Current Status
Work over	Bankia and Ghotaru work over completed. Kharatar work over is in progress.
Pipe line	Interconnection Pipeline work for Ghotaru well has been completed. Other pipeline (Around 60 Km.) work is in progress.
Processing Plant	Order has been placed for processing plant.
GCS	Land purchase at Bankia for GCS .
Power Plant	Proposed power plant at Ramgarh.

#### OIL AND GAS

DIL has been awarded one onshore block in International competitive bidding round NELP VII by Government of India. The block SR-ONN-2005/I is situated in Chhattisgarh State. Total area of the block is 789 sq. Kms. Very soon the company will be starting its exploration activities in its Chhattisgarh block..



## FINANCIAL ANALYSIS OF DEEP INDUSTRIES LIMITED

### Service Income

(Rs. In Lacs )

Nature of Services	FY 10-11	FY 09-10	Change	Change %
Air, Gas Compression & Work Over Operation Services	4627.38	5533.80	-906.42	-16.38
Total Business Income	4627.38	5533.80	-906.42	-16.38

Service income of the Company has decreased from Rs.5533.80 lacs to Rs.4627.38 lacs which shows marginal decrease of 16.38% in operational income over the previous year.

(Rs. In Lacs )

	FOR THE YEAR 2010-11	FOR THE YEAR 2009-10
SERVICE INCOME	4627.38	5533.80
EBDITA	2689.26	3115.84
EBDTA	2376.32	2700.52
PBT	1753.08	2117.45
PAT	1185.61	1436.59

### OTHER INCOME

Other income increased from Rs. 74.66 lacs to Rs. 186.98 lacs which shows a increment of 150.44%. Such increase is mainly due to Profit on Foreign Currency Fluctuation, Dividend on Investments and Bad Debts recovered of past years.

### OPERATING EXPENSES

Operating Expenses has decreased from Rs. 1491.57 lacs to Rs. 1096.65 lacs which shows an decrease of 26.48%, which is very well in line with the marginal decrease in operations of the company. Operating expenses as a percentage of operating income has also been decreased from 27.00% to 23.70% which shows effective control on it and is very much lower than industry norms.

### STAFF COST

Employees' Remuneration & Benefits has decreased from Rs.606.38 lacs to Rs.517.66 lacs which shows decrease of 14.63%. Decrease in Staff Cost is reciprocating marginal decrease in operating income of the company during the year.

### ADMINISTRATIVE COST

Administrative Expenses has increased from 355.53 lacs to 471.67 lacs which reflects an increase of 32.67% over previous year. Admin Cost is more of Fixed Expenditure type and the major reason in increase of the same is because of overall increase in general expenditures throughout the country.

### FINANCIAL CHARGES

Interest & Financial Charges has decreased from Rs.415.32 lacs to Rs.312.94 lacs which shows decrease of 24.65%. Financial Charges as a percentage of operating income has come down to 6.76% compared to 7.51% in the previous year. The main reason is repayment of loan during the year.

### DEPRECIATION

Depreciation has increased from Rs.583.08 lacs to Rs.623.24 lacs, with marginal increase of 6.89% over the previous year. This is because increased capital expenditure during the year which will reflect major increase in revenue during F.Y. 2011-12.

### RISKS & CONCERNS

1. Prolonged deliveries of equipment from suppliers due to high demand.
2. Cyclical nature of business as it is dependent on oil & gas prices.
3. High cost of bidding in international market.
4. Scarcity of skilled personnel in market.



5. Dependence on consortium partners.
6. Dependence on few key customers.

#### **INTERNAL CONTROL SYSTEMS**

The Company has built adequate systems of internal controls to safeguard all assets against loss from unauthorised use or disposition as well as ensuring the preparation of timely and accurate financial information. Regular internal audits and checks are carried out to provide assurance that adequate systems are in place and that the responsibilities at various levels are discharged effectively.

#### **HUMAN RESOURCES**

The Company believes that employees are the key to achievement of Company's objectives and strategies. The Company provides to the employees a fair and equitable work environment and support from their peers with a view to develop their capabilities leaving them with the freedom to act and to take responsibilities for the task assigned. We provide our employees outstanding career development opportunities and reward to the staff for their good performance and loyalty to the organization. In order to meet the industries demand, we have appointed experienced professionals in Technical as well as Finance Departments. Apart from that every year, we hire new pool of talent from reputed petroleum institute through campus selection process.

#### **CAUTIONARY STATEMENT**

Statement in Management Discussion and Analysis may be forward looking within the meaning of applicable securities laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook.

The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.



## AUDITORS' REPORT

To,  
The Members,  
Deep Industries Limited.

1. We have audited the attached Balance Sheet of **DEEP INDUSTRIES LIMITED** as at 31<sup>st</sup> March, 2011 and also Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's report) Order, 2003 as amended by the Companies (Auditor's report) Amendment Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best our knowledge and belief were necessary for the purpose of our audit ;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
  - (iii) The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company ;
  - (iv) In our opinion, the Balance sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of written representation received from the directors, as on 31<sup>st</sup> March 2011 and taken on record by the Board of Directors of the Company and the information and explanations given to us, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to the effect of such adjustments, if any, as might have been required for and read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 ; and
    - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date ; and
    - iii. In the case of Cash Flow statement, of the cash flows for the year ended on that date.

FOR AND ON BEHALF OF  
**JAYESH M. SHAH & CO.**  
Chartered Accountants  
Firm Reg. no. 104173W

Place : Ahmedabad  
Date : 2<sup>nd</sup> June, 2011

**(JAYESH M. SHAH)**  
Proprietor  
Mem. No. : 30638



**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of the Auditors' Report of even date to the members of Deep Industries Limited on the financial statements for the year ended 31<sup>st</sup> March, 2011.)

1. (a) The Company has maintained records showing full particulars including quantitative details and situation of its fixed assets.  
(b) As explained to us, a substantial portion of the fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.  
(c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. (a) As per information and explanation given to us, inventory of spares and consumables has been physically verified by the management at the year end. In our opinion the frequency of verification is reasonable.  
(b) In our opinion the procedures of physical verification of inventory of spares and consumables followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) On the basis of our examination of the inventory records produced before us, in our opinion the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in books of accounts.
3. (a) The Company has given an unsecured loan to its subsidiary Company. In respect of the said loans the maximum amount outstanding at any time during the year is Rs 65,23,638/- and the year end balance is Rs 36,07,388/-. The company has not granted loans secured or unsecured to firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.  
(b) In our opinion and according to the information and explanations given to us, terms and conditions of such unsecured loans are not prima facie prejudicial to the interest of the Company.  
(c) The principal amounts, are repayable on demand and there is no repayment schedule.  
(d) In respect on said loan, the same are repayable on demand and therefore the question of overdue amount does not arise.  
(e) The Company has not taken any loans secured or unsecured, from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, requirement of clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable.
4. In Our opinion and according to the information and explanations given to us there exists an adequate Internal Control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery ,equipments and other assets and with regard to service provided by the Company, Further on the basis of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rs. 5,00,000 have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We are informed that maintenance of cost records has not been prescribed by the Central Government of India under clause (d) of subsection (1) of Section 209 of the Companies Act, 1956 in respect of the Company products. Hence, the provisions of Clause (viii) of paragraph 4 of the Order are not applicable to the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues to the extent applicable with the appropriate authorities in India. However, in case of delays in few instances the same has been deposited along with interest due thereon.



- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, wealth tax, sales tax, custom duty, excise duty and cess which have not been deposited on account of any dispute. The particulars of dues of service tax as at 31<sup>st</sup> March, 2011 which have not been deposited on account of a dispute, is as follows:

Name of Statute	Nature of Dues	Amount (Rs. Lacs)	Related Period	From where the dispute is pending
Service tax	Short payment of Service tax	4.35	F.Y 2007-08 & F.Y 2008-09	Service tax dept.

10. The Company does not have any accumulated losses as at 31<sup>st</sup> March, 2011 and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/ society. Therefore, the provisions of Clause (xiii) of Paragraph 4 of the Order are not applicable to the Company.
14. Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper records of transactions and contracts in respects of its investments, securities and other investments and timely entries have been made therein. All Shares, Securities and other investments have been held by the Company in its own name.
15. In our opinion and information and explanation given to us, the Company has not given guarantee for any loan taken by other from Bank/ Financial Institutions which are prejudicial to the interest of the Company.
16. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans & other facilities obtained during the year were, applied by the Company for the purpose for which they were obtained.
17. According to the information and explanations given to us and on the basis of overall examination of the Balance Sheet of the Company, in our opinion, there are no short term funds raised during the year which have been used for long term investment.
18. In our opinion and according to the information and explanations given to us, the Company has made preferential allotment of 22,50,000 equity shares of Rs. 10 each at the price of Rs. 58 each to Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures. Therefore the provisions of Clause (xix) of paragraph 4 of the Order are not applicable to the Company.
20. The Company has not raised any monies by way of public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

FOR AND ON BEHALF OF  
**JAYESH M. SHAH & CO.**  
Chartered Accountants  
Firm Reg. no. 104173W

Place : Ahmedabad  
Date : 2<sup>nd</sup> June, 2011

**(JAYESH M. SHAH)**  
Proprietor  
Mem. No. : 30638



**BALANCE SHEET AS AT 31ST MARCH 2011**

PARTICULARS	SCHEDULE	AMOUNTS RUPEES	AS AT 31-Mar-11 RUPEES	AMOUNTS RUPEES	AS AT 31-Mar-10 RUPEES
<b>SOURCES OF FUNDS :</b>					
<b>(I) SHARE HOLDER'S FUND.</b>					
(i) Share Capital	1	235000000		212500000	
(ii) Convertible Warrant	1	0		32625000	
(iii) Reserves & Surplus	2	1021815711		808956569	
			1256815711		1054081569
<b>(II) LOAN FUNDS</b>					
(i) Secured Loans	3	397240877		449201806	
(ii) Unsecured Loan	4	0		0	
			397240877		449201806
<b>(III) DEFERRED TAX LIABILITY (NET)</b>					
			100686638		78939877
	<b>TOTAL :</b>		<u>1754743226</u>		<u>1582223252</u>
<b>APPLICATION OF FUNDS :</b>					
<b>(I) FIXED ASSETS</b>					
(a) Gross Block	5	1277734436		1166301718	
(b) Less : Accumulated Depreciation		207249395		144949662	
		1070485041		1021352056	
(c) Add : Capital Work in Progress		354114339		237874085	
			1424599380		1259226141
<b>(II) INVESTMENTS</b>					
	6		48728028		120622830
<b>(III) CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
(a) Inventories	7	33192417		20243491	
(b) Sundry Debtors	8	158909590		133056317	
(c) Cash & Bank Balances	9	53631358		40459905	
(d) Loans, Advances & Deposits	10	201427087		186412025	
		447160452		380171738	
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>					
(a) Current Liabilities	11	92842472		104090897	
(b) Provisions		92551675		97267947	
		185394147		201358844	
Net Current Assets			261766305		178812894
<b>(IV) MISC. EXPENSES (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)</b>					
	12		19649513		23561387
	<b>TOTAL :</b>		<u>1754743226</u>		<u>1582223252</u>
Notes Forming Part of Accounts	18				

As per our report of even date attached  
For & on Behalf of  
**Jayesh M. Shah & Co.**  
Chartered Accountants  
Firm Reg. No. 104173W

**For Deep Industries Limited**

**Jayesh M. Shah**  
Proprietor  
M. No. 30638

**Renuka Upadhyay**  
Company Secretary

**Paras Savla**  
Chairman &  
Managing Director

**Rupesh Savla**  
Managing Director

Date : 2nd June 2011  
Place : Ahmedabad

Date : 2nd June 2011  
Place : Ahmedabad



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011**

PARTICULARS	SCHEDULE	AMOUNTS RUPEES	AS AT 31-Mar-11 RUPEES	AMOUNTS RUPEES	AS AT 31-Mar-10 RUPEES
<b>(I) INCOME :</b>					
Air, Gas Compression and Work Over Operation Income			462737626		553379712
Other Income	13		18697798		7465865
<b>TOTAL :</b>			<u>481435424</u>		<u>560845577</u>
<b>(II) EXPENSES :</b>					
Operating Expenses	14		109665288		149157648
Employees Remuneration & Benefits	15		51765696		60637850
Administrative & Other Expenses	16		47167493		35553061
Interest & Financial Charges	17		31293731		41532152
Depreciation	5		62323765		58307999
Misc Expenses Written off	12		3911874		3911874
<b>TOTAL :</b>			<u>306127847</u>		<u>349100584</u>
Profit Before Taxation			175307578		211744993
Less : 1. Income Tax Provision		35000000		43850000	
2. Deferred Tax Provision		21746761	56746761	24236090	68086090
Net profit after taxation			118560817		143658903
Balance of Profit & Loss Account of Previous year			317019734		198418766
<b>(III) Balance Available for Appropriation</b>			435580551		342077669
<b>(IV) APPROPRIATIONS</b>					
1. Transfer to General Reserve			15000000		15000000
2. Proposed Dividend			11750000		10625000
3. Tax on Proposed Dividend			1951675		1805719
4. Investment Reserve Fund			137829		-2372783
Bal. of Profit & Loss Account carried to Bal.Sheet			406741047		317019734
<b>TOTAL :</b>			<u>435580551</u>		<u>342077670</u>
Basic E.P.S. of face value of Rs. 10 (In Rupees)			5.50		7.18
Diluted E.P.S. of face value of Rs. 10 (In Rupees)			5.50		6.76
Notes Forming Part of Accounts	18				

As per our report of even date attached  
For & on Behalf of  
**Jayesh M. Shah & Co.**  
Chartered Accountants  
Firm Reg. No. 104173W

**For Deep Industries Limited**

**Jayesh M. Shah**  
Proprietor  
M. No. 30638

**Renuka Upadhyay**  
Company Secretary

**Paras Savla**  
Chairman &  
Managing Director

**Rupesh Savla**  
Managing Director

Date : 2nd June 2011  
Place : Ahmedabad

Date : 2nd June 2011  
Place : Ahmedabad



**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2011**

PARTICULARS	2010-11		2009-10	
	RUPEES	RUPEES	RUPEES	RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>				
Net Profit before tax as per Profit & Loss Account		175307578		211744994
Adjustment for :				
Depreciation Expenses	62323765		58307999	
Interest Expenses	31293731		41532152	
Dividend Income	-2184196		-3370968	
Interest Income	-4883643		-1974449	
Foreign Currency Fluctuation Gain	-6451210		-565603	
Profit/(Loss) on Sale of Investments	-83218		-339631	
Profit/(Loss) on Sale of Fixed Assets	2812		238541	
Priliminary Expenses Written Off	3911874	83929915	3911874	97739915
<b>Operating Profit before Working Capital Changes</b>		<b>259237493</b>		<b>309484909</b>
<b>Change in Working Capital</b>				
Adjustment for				
Inventories	-12948926		6324671	
Sundry Debtors	-25853273		-8367250	
Loans & Advances	-15015062		-82956329	
Trade Payable & Other Liabilities	-11291955	-65109216	73321400	-11677508
<b>CASH FLOW FROM OPERATION</b>		<b>194128277</b>		<b>297807401</b>
Cash Flow from Exceptional Claim				
Income Tax Provisions	-40987228	-40987228	0	0
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>		<b>153141049</b>		<b>297807401</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets & Changes in Work in Capital	-227709304		-220165097	
Sale of Fixed Assets	9500		338100	
Purchase of Investments	0		0	
Sale of Investments	71894802		28271063	
Interest Income	4883643		1974449	
Dividend Income	2184196		3370968	
Profit from Sale of Investments	83218		339631	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>-148653945</b>		<b>-185870886</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>				
Interest Paid	-31293731		-41532152	
Foreign Currency Fluctuation Gain	6451210		565603	
Proceeds from Issue of Share Capital/Convertible Warrants ( Net of Expenses / Recovery of Expenses)	97875000		105125000	
Proceeds from Secured Loans	-51960929		-155805357	
Dividend and Dividend Tax Paid	-12387202		0	
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>8684348</b>		<b>-91646906</b>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		13171452		20289609
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		40459906		20170297
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR		53631358		40459906

As per our report of even date attached

For & on Behalf of

**Jayesh M. Shah & Co.**

Chartered Accountants

Firm Reg. No. 104173W

**Jayesh M. Shah**

Proprietor

M. No. 30638

Date : 2nd June 2011

Place : Ahmedabad

**For Deep Industries Limited**

**Renuka Upadhyay**  
Company Secretary

**Paras Savla**  
Chairman &  
Managing Director

**Rupesh Savla**  
Managing Director

Date : 2nd June 2011

Place : Ahmedabad



**SCHEDULE 1 TO 12 ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2011**

PARTICULARS	31-Mar-11 Rupees	31-Mar-10 Rupees
<b>SCHEDULE - 1</b>		
<b>A. SHARE CAPITAL :</b>		
<b>Authorised Share Capital :</b>		
24500000 Equity Shares of Rs. 10/- each (Previous Year 24500000 Equity Shares of Rs.10/- each)	245000000	245000000
<b>Issued &amp; Paid up Share Capital :</b>		
23500000 Equity Shares of Rs. 10/- each fully Paid up (P.Y. 20000000 Equity Shares of Rs.10 each) (During the year, 1250000 Equity shares of Rs 10/- each fully paid up were issued on Conversion of Convertible Warrants)	235000000	212500000
<b>TOTAL :</b>	235000000	212500000
<b>B. CONVERTIBLE WARRANTS</b>		
<b>Issued subscribed &amp; Paid up :</b>		
(i) 22,50,000 Warrants of Rs.58/- Each & Rs.14.50/- Paid up on Each Warrants issued during the previous year	32625000	32625000
(ii) 12,50,000 warrants of Rs 58/- each & fully paid during previous year	0	72500000
(iii) 22,50,000 warrants of Rs 43.5/- each to make it fully paid of Rs. 58/- each during the year	97875000	
<b>Less:</b> 22,50,000 warrants converted to fully paid up equity shares of Rs 10/- each at a premium of Rs 48 per share	(130500000)	(72500000)
<b>TOTAL :</b>	0	32625000
	235000000	245125000
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>		
<b>(I) Capital Reserve - Share Premium</b>		
As per last Balance Sheet	416587500	356587500
Addition during the year	108000000	60000000
	524587500	416587500
<b>(II) Capital Reserve</b>		
As per last Balance Sheet	40000000	40000000
<b>(III) General Reserve</b>		
As per last Balance Sheet	35000000	20000000
Addition during the year	15000000	15000000
	50000000	35000000
<b>(IV) Investment Reserve Fund</b>		
As per Last Balance Sheet	349335	2722118
Addition during the year	137829	0
Written back during the year	0	-2372783
	487164	349335
<b>(V) Profit &amp; Loss Account Balance</b>		
	406741047	317019734
<b>TOTAL :</b>	1021815711	808956569



PARTICULARS	31-Mar-11 Rupees	31-Mar-10 Rupees
<b>SCHEDULE - 3 : SECURED LOANS</b>		
<b>1. Term Loan</b>		
Rupee Term Loan	1000312	42427706
Foreign Currency Term Loan	329768826	403803063
<b>2. Working Capital Facility</b>	63966904	-1608279
<b>3. Vehicle Loan</b>	2504835	4579316
<b>TOTAL :</b>	<u>397240877</u>	<u>449201806</u>

**NOTE :**

- (1) Rupee Term Loan and Foreign Currency Term Loan from State Bank of India as mentioned above is secured by hypothecation of Air Compressor, Gas Compressor, Work over Rigs and other Misc. Assets and further secured by personal guarantee of Directors and equitable mortgage of immovable properties situated at Ahmedabad and Modasa held in the name of director and relative of director.
- (2) Working Capital Facility from State Bank of India as mentioned above is secured by hypothecation of stock and book debt & further secured by personal guarantee of directors and equitable mortgage of immovable property situated at Ahmedabad & Modasa held in the name of director and relative of director
- (3) Working Capital Facility from Deutsche Bank AG as included above is secured by pledge of approved Mutual Funds (Debt Funds) held in the name of the company.
- (4) Buyer's Credits are obtained from overseas branches of State Bank of India which are backed by Letter of Undertaking from State Bank of India, Commercial Branch, Ahmedabad which has sanctioned the Term Loan.
- (5) Borrowing from Vehicle Loan are from banks and secured against hypothecation of vehicle and personal guarantee of Directors.

**SCHEDULE - 4 : UNSECURED LOANS**

<b>TOTAL :</b>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

**SCHEDULE - 5 : FIXED ASSETS**

Sr. No.	Particulars	Gross Block			Depreciation Block				Net Block		
		Op. Bal. as on 01.04.10	Additions during the year	Deductions during the year	Cls. Bal. as on 31.03.11	Op. Bal. as on 01.04.10	Additions during the year	Deductions during the year	Cls. Bal. as on 31.03.11	As on 31.03.11	As on 31.03.10
(A)	Tankers	835000			835000	805769	11693		817462	17538	29231
(B)	Cranes	697075			697075	175557	78839		254396	442679	521518
(C)	Vehicles	15009303	49334	36333	15022304	2719454	1387196	24021	4082629	10939675	12289849
(D)	Air Compressor	11503401	0		11503401	6325574	752517		7078091	4425310	5177827
(E)	Gas Compressor	725756985	100777225	945000	825589210	83527913	38226671		121754584	703834626	642229060
(F)	Computers	4692993	3387874		8080867	3141393	674985		3816378	4264489	1551600
(G)	Shed, Foundation & Road	14390002	582243		14972245	7914195	2080294		9994489	4977756	6475807
(H)	Office Building	7158358			7158358	1796733	536162		2332895	4825462	5361624
(I)	R I Gs	376173030	7782641	422593	383533078	36349369	17915263		54264632	329268446	339823661
(J)	Office Equip., Furniture & Fixtures	8878782	0		8878782	1818970	560403		2379373	6499409	7059812
(K)	Other Plant & Machinery	1206790	257326	0	1464116	374722	99742		474464	989652	832068
	<b>TOTAL (A)</b>	<b>1166301719</b>	<b>112836643</b>	<b>1403926</b>	<b>1277734436</b>	<b>144949651</b>	<b>62323765</b>	<b>24021</b>	<b>207249395</b>	<b>1070485041</b>	<b>1021352056</b>
(L)	Capital Work in Progress (B)	237874085	215688373	99448119	354114339	0	0	0	0	354114339	237874085
	<b>TOTAL (A + B)</b>	<b>1404175804</b>	<b>328525016</b>	<b>100852045</b>	<b>1631848775</b>	<b>144949651</b>	<b>62323765</b>	<b>24021</b>	<b>207249395</b>	<b>1424599380</b>	<b>1259226141</b>
	PREVIOUS YEAR	1185015931	342056463	122896591	1404175803	87070246	58308000	428584	144949662	1259226141	



**ANNUAL REPORT 2010-11  
DEEP INDUSTRIES LIMITED**

PARTICULARS	No. of Shares/Units	31-Mar-11 Rupees	No. of Shares/Units	31-Mar-10 Rupees
<b>SCHEDULE - 6 : INVESTMENTS</b>				
<b>(A) LONG TERM INVESTMENTS :</b>				
<b>(i) Quoted Investments :</b>				
1. Ganesh Benzoplast Limited	5000	76844	5000	76844
2. Vama Industries Limited	2500	69111	2500	69111
3. Power Trading Corporation	4000	728484	4000	728484
4. Manglore Refinery Project Ltd.	0	0	450	26141
<b>(ii) Unquoted Investments :</b>				
<b>(a) INVESTMENT IN SUBSIDIARIES</b>				
90% share in Deep Energy LLC		1241490		1010520
70% share in Deep Natural Resources Ltd	350000	350000	350000	350000
71% share in Prabha Energy Pvt. Ltd.	25000	250000	25000	250000
<b>(b) OTHERS</b>				
Mehsana Nagarik Co-Op Sahakari Bank Ltd.	400	10000	400	10000
		<u>2725929</u>		<u>2521100</u>
<b>(B) CURRENT INVESTMENTS :</b>				
<b>(i) Unquoted Investments :</b>				
1. Canara Robeco ST- Retail Monthly Dividend Fund		0	429579	4350000
2. Canara Robeco ST-WEEKLY DIVIDEND FUND		0	991564	10036697
3. HDFC Cash Management Fund- T A Plan- Retail		0	266342	2671805
4. Hdfc Cash Management Fund -T A Plan- Wholesale		0	3344267	33548019
5. HDFC EQUITY FUND- Growth		0	11490	2500000
6. ICICI PRUDENTIAL INCOME PLAN		0	852364	10096319
7. ING Treasury Advantage Fund Reg - Daily Div		0	870270	8704965
8. RELAIANCE MONTHLY INTERVAL FUND- SERIES II-IDP		0	1304517	13050000
9. Religare Credit Opportunities Fund -I P		0	998173	10000000
10. SBI Magnum Comma Fund - D		0	115336	2141825
11. SBI DFS - 15 MONTH-5- GROWTH	2100210	21002099	2100210	21002099
12. Templeton India Income Opportunities Fund	2500000	25000000		0
		<u>46002099</u>		<u>118101730</u>
<b>TOTAL :</b>		<u>48728028</u>		<u>120622830</u>

**(D) DETAILS OF INVESTMENTS PURCHASED AND SOLD DURING THE YEAR :**

	Face Value		No. of Units (In lacs)		Cost Rs.	
	AS AT 31ST MARCH 2011 Book value	Market Value	AS AT 31ST MARCH 2010 Book value	Market Value		
I. VARIOUS CATEGORIES OF MUTUAL FUND UNITS	10		128.85		235956276	
<b>(E) AGGREGATE VALUE OF</b>						
<b>QUOTED INVESTMENT</b>	874439	387275	900580		551245	
<b>UNQUOTED INVESTMENT</b>	47853589	50017845	119722250		119724623	



PARTICULARS	31-Mar-11 Rupees	31-Mar-10 Rupees
<b>SCHEDULE - 7 : INVENTORIES</b>		
( At Cost or market price whichever is lower )		
( As valued, verified and certified by the Management )		
Stock of Stores & Spares	32055889	19858498
Stock of Oil	1136528	384993
<b>TOTAL :</b>	<b>33192417</b>	<b>20243491</b>
<b>SCHEDULE - 8 : SUNDRY DEBTORS</b>		
( Unsecured Considered Good )		
Over Six Months	48587176	10517098
Others	110322414	122539219
<b>TOTAL :</b>	<b>158909590</b>	<b>133056317</b>
<b>SCHEDULE - 9 : CASH &amp; BANK BALANCES</b>		
(I) Cash on Hand	318320	208514
(II) Bank Balances :		
(a) With Schedule Bank		
1. In Current Account	771029	333864
2. In Fixed Deposit Account	52542009	39917527
	53313038	40251391
<b>TOTAL :</b>	<b>53631358</b>	<b>40459905</b>
<b>SCHEDULE - 10 : LOANS, ADVANCES AND DEPOSITS</b>		
(Unsecured Considered Good)		
Loan to Subsidiary Company		
Deep Natural Resources Ltd. (Maximum outstanding balance during the year and previous year Rs. 62,05,638/-)	3607388	6205638
Advances Recoverable in cash or in kind or for the value to be received		
(i) Income Tax & Cenvat Receivable	90739937	93361059
(ii) Other Loans, Advances & Deposits	107079762	86845328
<b>TOTAL :</b>	<b>201427087</b>	<b>186412025</b>
<b>SCHEDULE - 11 : CURRENT LIABILITIES AND PROVISIONS</b>		
(A) Current Liabilities :		
(i) Sundry Creditors	19116100	19987841
(ii) Unclaimed Dividend	43517	0
(iii) Interest accrued but not due for payment	427713	1061467
(iv) Other Liabilities	57623015	66120680
(v) Foreign Currency Monetary Translation Diff. A/c	636720	4452177
(vi) Duties & Taxes Payable	14995407	12468732
<b>TOTAL :</b>	<b>92842472</b>	<b>104090897</b>
(B) Provisions :		
Taxation Provisions	78850000	84837228
Proposed Equity Dividend	11750000	10625000
Tax on Proposed Equity Dividend	1951675	1805719
	92551675	97267947
<b>TOTAL :</b>	<b>185394147</b>	<b>201358844</b>



PARTICULARS	31-Mar-11 Rupees	31-Mar-10 Rupees
<b>SCHEDULE - 12 : MISCELLANEOUS EXPENDITURE</b>		
( To the extent not written off or adjusted )		
<b>(A) Preliminary Expenses</b>		
As per Last balance sheet	23561387	27473261
Written off during the year	3911874	3911874
<b>TOTAL :</b>	<b>19649513</b>	<b>23561387</b>

**SCHEDULES 13 TO 17 FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

<b>SCHEDULE - 13 : OTHER INCOME</b>		
Interest Received [Tax Deducted at source Rs. 464308/- (P.Y. Rs. 256458/-)]	4883643	1974449
Profit/Loss on sale of Investment (Net)	83218	339631
Dividend Received	2184196	3370968
Bad Debts Recovered	1730451	0
Misc. Income	3367892	1453755
Foreign Currency Fluctuation Gain/Loss (Net)	6451210	565603
Profit/(loss) on sale of Fixed Assets	-2812	-238541
<b>TOTAL :</b>	<b>18697798</b>	<b>7465865</b>

<b>SCHEDULE - 14 : OPERATING EXPENSES</b>		
Air, Gas Compressor & Rig Running & Maintenance Expenses	105515647	145311828
Vehicle Running and Maintenance Expenses.	4149641	3845820
<b>TOTAL :</b>	<b>109665288</b>	<b>149157648</b>

<b>SCHEDULE - 15 : EMPLOYEES REMUNERATION &amp; BENEFITS :</b>		
Salaries & Bonus	48061864	56672327
Employee Welfare & Staff Amenities	2886568	2988878
Contribution to Employees' benefit fund	817264	976645
<b>TOTAL :</b>	<b>51765696</b>	<b>60637850</b>

<b>SCHEDULE - 16 : ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Bank Charges	7260813	4953884
Insurance Premium	945268	1219151
Travelling Expenses (Directors Travelling Rs.2279554/-)	4473935	4181537
Directors' Remuneration	5638973	3583333
Professional , Consulting & Legal Expenses	5056744	4463823
Electricity Expenses	674195	1023485
Audit Fees	100000	100000
Municipal Tax	92988	130533
Amount written off	648333	3617174
Other Expenses	22276244	12280141
<b>TOTAL :</b>	<b>47167493</b>	<b>35553061</b>

<b>SCHEDULE - 17 : INTEREST &amp; FINANCIAL CHARGES</b>		
Bank Interest On Hypothecation & Term loan	5311468	24148841
Interest & Finance Charges on Foreign Credit	19260900	14956097
Forward/ Option Contract Premium	5324275	2360617
Other Interest & Finance Charges	1397088	66597
<b>TOTAL :</b>	<b>31293731</b>	<b>41532152</b>



## SCHEDULE - 18 : NOTES FORMING PART OF THE ACCOUNTS

### A. Significant Accounting Policies:

#### 1. Basis of Preparation of Financial Statements

The financial statements have been prepared in compliance with all material aspects of the mandatory Accounting Standards issued by the ICAI and the relevant provisions of the Companies Act, 1956.

Financial Statements are based on historical cost and are prepared on accrual basis.

#### 2. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### 3. Fixed Assets and Depreciation

(a) Fixed Assets are stated at cost net of cenvat, less accumulated depreciation. All cost, including financing cost till commencement of assets put to use, effect of foreign exchange contracts and adjustment arising from exchange rate variations attributable to the fixed assets are capitalised.

(b) Expenditure including finance costs related to borrowed funds for the fixed assets incurred on projects under implementation are included under "Capital Work in Progress". These expenses are transferred to fixed assets on commencement of respective projects.

(c) (i) Depreciation on Shed & construction at contractor site is provided considering the period of the initial contract.

(ii) Depreciation on Tanker & Office Building is provided on Written down Value Method as per the rate prescribed in Schedule XIV and in accordance with Section 205(2)(b) of the Companies Act, 1956.

(iii) Depreciation on Fixed Assets other than stated above in Para (i) & (ii) is provided on Straight Line Method as per rate prescribed in Schedule XIV and in accordance with Section 205(2)(b) of the Companies Act, 1956, considering the life of the Asset..

#### 4. Investments

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as Long Term Investments. Long Term Investments, Current Investments and Investments in subsidiaries are carried at cost. Unquoted investments are stated at book value. However, provision for diminution in value of investment is made to recognise a decline in the value of investment.

#### 5. Debtors

Debtors are stated at the book value after making provisions, if any, for the doubtful debts.

#### 6. Inventories

Inventories of spare parts and oil are valued at cost or market price whichever is lower.

#### 7. Foreign Currency Transactions

(a) Transaction denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.

(b) Monetary Items denominated in foreign currency including foreign currency loan at the year end are restated at the year end rate. In case of items which are covered by forward exchange contract, the difference between year end rate and rate on the date of the contract is recognised as exchange difference and premium paid on forward contracts and option contract is recognised over the life of the contract.

(c) The difference either on settlement or on translation of monetary assets and liabilities and realised gain and losses on foreign exchange transaction are recognised in the Profit and Loss account except in cases where they relate to acquisition of Fixed Assets, the difference arising a result in which case they are adjusted to the carrying cost of such assets. Exchange rate difference on year end long term foreign currency loan is carried to "Foreign Currency Monetary Translation Difference Account" to be amortised upto the period of loan or upto March 31, 2012 whichever is earlier.

(d) Non monetary foreign currency items if any are carried at cost.

#### 8. Basis of Accounts

Revenue/Income and costs/expenditures are generally accounted on accrual as they are earned or incurred.



#### 9. Employee Benefit

- (a) Monthly contribution to the Provident Fund being in the nature of defined contribution scheme is charged against revenue. The fund is administered through Provident Fund Authority.
- (b) Post employment and other long term employees benefits are recognized at the present value of the amount payable determined using actuarial valuation techniques. Based on the actuarial valuation no provision of Gratuity is required to be made in respect of the post employment and other long term benefits.

#### 10. Borrowing Cost

Borrowing cost that are attributed to the acquisition, construction of qualifying assets are capitalised as part of such assets upto the date, assets are ready for its intended to use. All other borrowing costs are recognized as an expense in the year which they are incurred.

#### 11. Tax on Income

Current Tax is determined on the basis of the amount of tax payable in respect of taxable income for the year.

Deferred tax is calculated at current statutory income tax rate and is recognized on timing differences; being the difference between taxable income and accounting income that originate in the one period and are capable of reversal in one or more subsequent periods. Deferred tax assets subject to the consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

#### 12. Income

Company's Income comprises of Work Over Rig Services, Gas Compression and Air Compression Services.

#### 13. Provision, Contingent Liabilities and Contingent Assets.

Provision is recognised when there is a present obligation as a result of a past event that probably requires an outflow resources and a reliable estimate can be made of the amount of the obligation. Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognised or disclosure for contingent liability is made when there is possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.

### B. Managerial Remuneration

#### Director Remuneration :

Particulars	Amount (Rs. In lacs)
Salaries	54.00
Perquisites & Sitting Fees	2.69
<b>Total</b>	<b>56.69</b>

Computation of Net Profit in accordance with Section 198 & 309 of the Companies Act, 1956

Particulars	Amount (Rs. In lacs)
Profit before Taxes as per Profit and Loss Account	1753.08
Add : Managerial Remuneration	56.69
Add : Loss on Sale of Fixed Assets	0.03
Less : Profit on Sale of Investments	0.83
<b>Net Profit</b>	<b>1808.97</b>

Sr. No.	Particulars	Amount Paid (Rs. In Lacs)	Maximum Amount Restricted upto 11% of Net Profit
1.	Chairman and Managing Director	20.39	198.95
2.	Managing Director	18.00	
3.	Executive/Non Executive Director	18.30	
	<b>TOTAL</b>	<b>56.69</b>	

- C. In the opinion of the board, the current assets, loans and advances are approximately of the value stated if realized in the ordinary course of business. The provision for all known liabilities are adequate and not in excess of the amount reasonably necessary.



**D. Other Information pursuant to paragraphs 3, 4, 4A, 4B and 4D of Para-II of the Schedule VI is given as under so far as applicable to the Company.**

- (a) The Company has not employed any person drawing remuneration of Rs.5,00,000/- per month or more or Rs.60,00,000/- per annum.
- (b) As the Company is engaged in providing services there is no manufacturing activity carried out and information in respect of installed capacity, production capacity, raw material consumption, opening and closing stock of goods produced and consumption of indigenous and imported raw materials and spares thereof and turnover of goods produced is not given.

Particulars	2010-11	2009-10
<b>(c) Value of imports calculated on CIF basis</b>		
Capital Goods, Freight, Insurance	Rs. 8,96,17,520	Rs. 5,01,64,637
Spare Parts	Rs. 1,44,34,073	Rs. 95,71,538
<b>(d) Expenditure in Foreign Currency</b>		
Spares, Equipment, Freight	Rs.10,40,51,593	Rs. 5,97,36,175
Director's Travelling Expenses	Rs. 17,88,330	Rs. 5,55,926
<b>(e) Earnings in Foreign Currency</b>		
NIL	0	0
<b>(f) Payment to Statutory Auditors</b>		
Audit Fees	Rs.1,00,000	Rs. 1,00,000
Taxation Matters	Rs. 25,000	Rs. 25,000
Others	Rs. 25,000	Rs. 25,000
<b>Total</b>	<b>Rs. 1,50,000</b>	<b>Rs. 1,50,000</b>

- E.** Considering nature of activity it is not possible to ascertain the elements of Capital Commitment Expenditure to be executed on capital account.

**F. Contingent Liabilities:**

**i. Bank Guarantees**

The company has given counter guarantees aggregating to Rs. 1072.70 Lacs(31<sup>st</sup> March 2010 Rs. 1767.31 Lacs) to banks as at 31<sup>st</sup> March 2011.

**ii. Other Contingent Liabilities not provided for;**

Name of Statute	Amount (Rs. Lacs) 31.03.2011	Amount (Rs. Lacs) 31.03.2010
Income Tax Act	0.00	58.95
Service tax	4.35	4.35

- G.** Figures are rounded off to the nearest rupee and the previous year figures are regrouped wherever necessary.

**H. Segment Reporting**

The Company is engaged in the service activity i.e. service activity related to oil and gas operations having mainly domestic income and there are no separate reportable primary and secondary segments as per Accounting Standard 17 - "Segment Reporting" issued by the Council of the Institute of Chartered Accountants of India.

**I. Impairment of Assets**

The carrying amounts of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the assets' net selling price and value in use. In assessing the value in use the estimated future cash flows are discounted to the present value at the weighted average cost of capital. During the year there are no impairment losses on assets of the Company.

- J.** The Company during the Financial Year has received Rs. 9,78,75,000/- being balance 75% value of 22,50,000 Convertible Warrants issued during previous year. The said allottees on full payment of warrant have exercised the option of conversion to equity shares on 17.01.2011. On conversion Rs. 2,25,00,000 is transferred to Issued Capital being issue of 22,50,000 equity shares of Rs. 10/- each and Rs. 10,80,00,000/- is transferred to Share Premium account being Share premium of Rs. 48/- per share.

The Company upto 31<sup>st</sup> March 2011, has utilized the total amount of Rs. 20,30,00,000/- received on the preferential allotment towards the capital projects for which the preferential warrants were issued.



**K. As per Accounting Standard - 18, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:**

(i) List of related parties where control exists and related parties, with whom transactions have taken place and relationships

Subsidiary Company	Deep Energy LLC, USA Deep Natural Resources Limited Prabha Energy Private Limited
Enterprises significantly influenced by KMP or RKMP	Deep Methane Private Limited Smt. Prabhaben Kantilal Velji Savla Charitable Trust Prabhaben Shantilal Savla Charitable Trust
Key Management Personnel	Mr. Paras Savla Mr. Rupesh Savla Mr. Dharen Savla Mr. Prabodh Baruah Mr. Vijay Shah Mr. Harish Bhide
Relative of Key Management Personnel (RKMP)	Mr. Manoj Savla Mrs. Mita M. Savla Mrs. Priti P. Savla Mrs. Sheetal R. Savla Mrs. Avani Savla

(ii) Transactions during the financial year 2010-11 with the related parties are shown below:

Nature of transaction	KMP	RKMP	Subsidiaries	Enterprises significantly influenced
Remuneration & Sitting fees	5430000 (3613333)	95760 (96000)		
Contribution to charitable institutions				101000 (0)
Lease Rent	2822211 (709152)	3606078 (625152)		372000 (372000)
Petrol, Diesel, Gas, Oil etc				0 (7262182)
Security Deposit	3797820 (0)	5323020 (0)		0 (0)
Perquisites	238972 (340235)			
Loan Given			3833750 (8224594)	
Loan Received back			6586100 (1864856)	
Outstanding Loan balance at Year end			3607388 (6359738)	
Investment			230970 (600000)	

Note: Figures in bracket represents previous year's figures



- L. In compliance of Accounting Standard 22 on "Accounting for taxes on Income" issued by Institute of Chartered Accountants of India, the Company has provided Accumulated net deferred tax liability in respect of timing difference as on 31st March, 2011. The item - wise details of deferred tax liability as on 31.03.2011 are as under:

(Rs. in Lacs)

Deferred Tax Liability	2010-11	2009-10
<b>Difference between book and tax difference as on 1<sup>st</sup> April</b>	<b>789.40</b>	<b>547.04</b>
(a) Depreciation	210.13	234.85
(b) Preliminary Expense	7.34	7.51
Less : Deferred Tax Assets	-	-
Deferred Tax Liability (Net)	217.47	242.36
<b>Difference between book and tax difference as on 31<sup>st</sup> March</b>	<b>1006.87</b>	<b>789.40</b>

**M. Earnings per Share**

The earnings considered in ascertaining the Company's EPS represent profit for the year after tax. Basic EPS is computed and disclosed using the weighted average number of equity shares outstanding during the year.

Calculation of EPS

Particulars	31.03.2011	31.03.2010
Profit after tax (in Rs.)	118560817	143658904
Weighted Average Number of shares considered as outstanding in computation of Basic EPS	21545000	20003424
Weighted Average Number of shares considered as outstanding in computation of Diluted EPS	21545000	21244143
Basic EPS, Shares of face value of Rs. 10 each (in Rs)	5.50	7.18
Diluted EPS, Shares of face value of Rs. 10 each (in Rs)	5.50	6.76

**N. Current Liability related to Micro, Small and Medium Enterprises**

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid to as at year end together with interest paid /payable under this Act have not been given.

The Company is making efforts to get the confirmation from the vendors as regards their status under the Act.

- O. (a) The specified disclosures for non cancellable Operating Leases as required by Accounting Standard 19 – "Leases" are given below :

Particulars	Year Ended 31 <sup>st</sup> March 2011(Rs.)	Year Ended 31 <sup>st</sup> March 2010 (Rs.)
Disclosures in respect of agreement for Office premises taken on lease :		
(i) Lease Payments recognized in the Profit and Loss Account for the year	48,13,774/-	Nil
(ii) Future minimum lease payments under non cancellable operating lease :		
- Not later than one year	91,20,840/-	Nil
- Later than one year but not later than five years	3,38,99,121/-	Nil
- Later than five year	Nil	Nil

Significant Leasing Arrangements for Non Cancellable Operating Lease

1. Under the agreement, refundable interest free deposits/advance rent have been given.
2. The agreements contain provision for renewal.
3. The period of agreement is of Nine years, however for submission of details as per As-19 we have considered only Non Cancellable period of Five years.

- (b) The disclosure regarding cancellable Operating Leases are not included in point (a) above



**P. Information pursuant to the provision of part IV of SCHEDULE VI to the Companies Act, 1956. Balance sheet abstract and Company's general business profile.**

**I. REGISTRATION DETAILS :**

Registration No.	14833	State Code	04
Balance Sheet Date	31/03/2011		

**II. CAPITAL RAISED DURING THE YEAR (RS. IN LACS) :**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement Convertible Warrants	225.00

**III. POSITION OF MOBILITION AND DEPLOYMENT OF FUNDS (RS. IN LACS) :**

Total Liabilities	17547.43	Total Assets	17547.43
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid up Capital	2350.00	Net Fixed Assets	14245.99
Reserves & Surplus	10218.16	Investments	487.28
Secured Loans	3972.41	Net Current Assets	2617.66
Deferred Tax Liabilities	1006.86	Misc. Expenditure	196.50

**IV. PERFORMANCE OF COMPANY (RS. IN LACS) :**

Turnover & Other Income	4814.35	Total Expenditure	3061.28
Profit Before Tax	1753.07	Profit After Tax	1185.61
Earnings per share Rs.	5.50	Dividend Rate (After Tax)	5 %

**V. GENETIC NAME OF THREE PRINCIPAL PRODUCT OF COMPANY**

NOT APPLICABLE BEING SERVICE COMPANY.

**SIGNATURE TO SCHEDULE '1' TO '18'**

As per our report of even date attached  
For & on Behalf of  
**Jayesh M. Shah & Co.**  
Chartered Accountants  
Firm Reg. No. 104173W

**Jayesh M. Shah**  
Proprietor  
M. No. 30638

**Renuka Upadhyay**  
Company Secretary

**For Deep Industries Limited**

**Paras Savla**  
Chairman &  
Managing Director

**Rupesh Savla**  
Managing Director

Date : 2nd June 2011  
Place : Ahmedabad

Date : 2nd June 2011  
Place : Ahmedabad



Statement pursuant to section 212(1)(e) of the Companies Act, 1956  
relating to Subsidiary Companies

	Name of the Subsidiary Company	Deep Natural Resources Limited	Prabha Energy Private Limited	Deep Energy LLC
1	Financial Year of the Subsidiary Company ended on	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2011
2	Shares of the Subsidiary Company held on the abovedate and extent of holding			
	a) Equity Shares	350000	25000	-
	b) Extent of Holding	70%	71%	90%
3	The net aggregate amount of the Subsidiaries profit/(loss) so far as it is concerned with the members of the Deep Industries Limited			
	i) Not dealt within the holding company's accounts			
	a) For the financial year of the Subsidiary	(Rs.3220)	Rs. 4984	(Rs.26878) (US\$ 601.45)
	b) For the previous financial years of the Subsidiary/since it became the Holding company's subsidiary	Rs. 3521	(Rs.3271)	(Rs.54558) (US\$ 1218.63)
	ii) Dealt within the holding company's accounts			
	a) For the financial year of the Subsidiary	NIL	NIL	NIL
	b) For the previous financial years of the Subsidiary/since it became the Holding company's subsidiary	NIL	NIL	NIL

For Deep Industries Limited

Date : 2nd June 2011  
Place : Ahmedabad

**Renuka Upadhyay**  
Company Secretary

**Paras Savla**  
Chairman & Managing Director

**Rupesh Savla**  
Managing Director



## CONSOLIDATED AUDITORS' REPORT

To,  
The Members,  
Deep Industries Limited.

1. We have audited the attached Consolidated Balance Sheet of **DEEP INDUSTRIES LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31<sup>st</sup> March, 2011 and also Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  - a) We did not audit the financial statements of Foreign Subsidiary namely Deep Energy LLC, whose financial statements reflect total assets of Rs 16,30,811/- as at 31<sup>st</sup> March 2011 and Total Revenue of Rs Nil and Cash flow amounting to Rs 1,92,602/- for the year then ended. And on the unaudited financial statements wherein the Company's share of loss aggregates to Rs 26,876/-.
  - b) We have relied on these Un-audited Financial Statements which are approved by the Partner/ Members of Deep Energy LLC and as approved by the Management and our report in so far as it relates to the amount included in respect of the Subsidiary is based solely on such approved un-audited Financial Statements.
3. We report that the Consolidated Financial Statements have been prepared by the Companies Management in accordance with the requirement of Accounting Standard 21, Consolidated Financial Statement as notified by Companies (Accounting Standards) Rules, 2006.
4. Based on our audit as aforesaid and consideration of the un-audited financial statements and on the Other Financial Information of the Components and Accounts, approved by the Board of Directors as explained in paragraph 2 above and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2011 ; and
  - ii. in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date ; and
  - iii. in the case of Consolidated Cash Flow statement, of the cash flows of the Group for the year ended on that date.

FOR AND ON BEHALF OF  
**JAYESH M. SHAH & CO.**  
Chartered Accountants  
Firm Reg. no. 104173W

Place : Ahmedabad  
Date : 2<sup>nd</sup> June, 2011

**(JAYESH M. SHAH)**  
Proprietor  
Mem. No. : 30638



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	SCHEDULE	AMOUNTS RUPEES	AS AT 31-Mar-11 RUPEES	AMOUNTS RUPEES	AS AT 31-Mar-10 RUPEES
<b>SOURCES OF FUNDS :</b>					
<b>(I) SHARE HOLDER'S FUND</b>					
(i) Share Capital	1	235000000		212500000	
(ii) Convertible Warrant	1	0		32625000	
(iii) Reserves & Surplus	2	1022013328		809187803	
			1257013328		1054312803
<b>(II) LOAN FUNDS</b>					
(i) Secured Loan	3	397240877		449201806	
(ii) Unsecured Loans	4	0		0	
			397240877		449201806
<b>MINORITY INTEREST</b>		354046	354046	356419	356419
(III) DEFERRED TAX LIABILITY (NET)			100711175		78949994
<b>TOTAL :</b>			<u>1755319426</u>		<u>1582821022</u>
<b>APPLICATION OF FUNDS :</b>					
<b>(I) FIXED ASSETS</b>					
(a) Gross Block	5	1277932155		1166499438	
(b) Less : Accumulated Depreciation		207284583		144961021	
		1070647572		1021538417	
(c) Add : Capital Work in Progress		354114339		237874085	
			1424761911		1259412502
<b>(II) INVESTMENTS</b>	6		47111383		119074937
<b>(III) CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
(a) Inventories	7	33192417		20243491	
(b) Sundry Debtors	8	179248368		133056317	
(c) Cash & Bank Balances	9	53886132		41804359	
(d) Loans, Advances & Deposits	10	200043360		186981960	
		466370277		382086126	
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>	11				
(a) Current Liabilities		110066351		104095897	
(b) Provisions		92551675		97267947	
		202618026		201363844	
Net Current Assets			263752251		180722282
<b>MISC. EXPENSES (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)</b>	12		19693881		23611301
<b>TOTAL :</b>			<u>1755319426</u>		<u>1582821022</u>
Notes Forming Part of Accounts	18				

As per our report of even date attached

For & on Behalf of

**Jayesh M. Shah & Co.**

Chartered Accountants

Firm Reg. No. 104173W

**For Deep Industries Limited**

**Jayesh M. Shah**

Proprietor  
M. No. 30638

**Renuka Upadhyay**  
Company Secretary

**Paras Savla**  
Chairman &  
Managing Director

**Rupesh Savla**  
Managing Director

Date : 2nd June 2011

Place : Ahmedabad

Date : 2nd June 2011

Place : Ahmedabad



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011**

PARTICULARS	SCHEDULE	AMOUNTS RUPEES	AS AT 31-Mar-11 RUPEES	AMOUNTS RUPEES	AS AT 31-Mar-10 RUPEES
<b>(I) INCOME :</b>					
Air, Gas Compression and Work Over Operation Income			462737626		553379712
Sales (Trading)			30985685		0
Other Income	13		18201482		7499236
<b>TOTAL :</b>			<u>511924793</u>		<u>560878948</u>
<b>(II) EXPENSES :</b>					
Purchases(Trading)			26051465		0
Operating Expenses	14		114043129		149157648
Employees Remuneration & Benefits	15		51765696		60637850
Administrative & Other Expenses	16		47211249		35576489
Interest & Financial Charges	17		31293731		41532152
Depreciation	5		62347594		58319358
Misc Expenses Written off	12		3917420		3917420
<b>TOTAL :</b>			<u>336630284</u>		<u>349140917</u>
Profit Before Taxation			175294511		211738031
Less : 1. Income Tax Provision		35000000		43850000	
2. Deferred Tax Provision		21761181	56761181	24246207	68096207
Net profit after taxation			118533330		143641823
Add/(Less) : (Profit)/Loss of Minority Interest			2373		1525
Balance of Profit & Loss Account of Previous year			316965424		198380012
<b>(III) Balance Available for Appropriation</b>			<u>435501127</u>		<u>342023360</u>
<b>(IV) APPROPRIATIONS</b>					
1. Transfer to General Reserve			15000000		15000000
2. Proposed Dividend			11750000		10625000
3. Tax On Proposed Dividend			1951675		1805719
4. Investment Reserve Fund			137829		-2372783
Bal. of Profit & Loss Account carried to Bal.Sheet			406661623		316965424
<b>TOTAL :</b>			<u>435501127</u>		<u>342023360</u>
Basic E.P.S. of face value of Rs. 10 (In Rupees)			5.50		7.18
Diluted E.P.S. of face value of Rs. 10 (In Rupees)			5.50		6.76
Notes Forming Part of Accounts	18				

As per our report of even date attached

For & on Behalf of

**Jayesh M. Shah & Co.**

Chartered Accountants

Firm Reg. No. 104173W

**For Deep Industries Limited**

**Jayesh M. Shah**

Proprietor

M. No. 30638

**Renuka Upadhyay**

Company Secretary

**Paras Savla**

Chairman &  
Managing Director

**Rupesh Savla**

Managing Director

Date : 2nd June 2011

Place : Ahmedabad

Date : 2nd June 2011

Place : Ahmedabad



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2011

PARTICULARS	RUPEES	2010-11 RUPEES	RUPEES	2009-10 RUPEES
<b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>				
Net Profit before tax as per Profit & Loss Account		175294511		211738030
Adjustment for :				
Depreciation Expenses	62347594		58319358	
Interest Expenses	31293731		41532152	
Dividend Income	-2196731		-3371596	
Interest Income	-4374792		-2007192	
Foreign Currency Fluctuation Gain	-6451210		-565603	
Profit/(Loss) on Sale of Investments	-83218		-339631	
Profit/(Loss) on Sale of Fixed Assets	2812		238541	
Preliminary Expenses Written Off	3917420	84455606	3917420	97723449
<b>Operating Profit before Working Capital Changes</b>		259750117		309461479
<b>Change in Working Capital</b>				
Adjustment for				
Inventories	-12948926		6324671	
Sundry Debtors	-46192051		-8367250	
Loans & Advances	-13061400		-82258264	
Trade Payable & Other Liabilities	5926924	-66275453	73326400	-10974443
<b>CASH FLOW FROM OPERATION</b>		193474665		298487036
Cash Flow from Exceptional Claim				
Income Tax Provisions	-40987228	-40987228	0	0
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>		152487437		298487036
<b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets & Changes in Work in Capital	-227709304		-220312096	
Sale of Fixed Assets	9500		338100	
Purchase of Investments	0		0	
Sale of Investments	71963554		28808435	
Interest Income	4374792		2007192	
Dividend Income	2196731		3371596	
Profit from Sale of Investments	83218		339631	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		-149081508		-185447142
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>				
Interest Paid	-31293731		-41532152	
Foreign Currency Fluctuation Gain	6451210		565603	
Proceeds from Issue of Share Capital/Convertible Warrants (Net of Expenses / Recovery of Expenses)	97875000		105069540	
Minority Interest & Capital Reserve	-8503		244731	
Proceeds from Secured Loans	-51960929		-155805357	
Proceeds from Unsecured Loans	0		-23337	
Dividend and Dividend Tax Paid	-12387202		0	
<b>NET CASH FROM FINANCING ACTIVITIES</b>		8675845		-91480972
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		12081773		21558922
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		41804359		20245437
<b>CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>		53886132		41804359

As per our report of even date attached

For & on Behalf of

**Jayesh M. Shah & Co.**

Chartered Accountants

Firm Reg. No. 104173W

**Jayesh M. Shah**

Proprietor

M. No. 30638

Date : 2nd June 2011

Place : Ahmedabad

**Renuka Upadhyay**

Company Secretary

**For Deep Industries Limited**

**Paras Savla**

Chairman &

Managing Director

Date : 2nd June 2011

Place : Ahmedabad

**Rupesh Savla**

Managing Director



**SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET  
AS AT 31ST MARCH 2011**

PARTICULARS	31-Mar-11 Rupees	31-Mar-10 Rupees
<b>SCHEDULE - 1</b>		
<b>A. SHARE CAPITAL :</b>		
<b>Authorised Share Capital :</b>		
24500000 Equity Shares of Rs. 10/- each (Previous Year 24500000 Equity Shares of Rs.10/- each)	245000000	245000000
<b>Issued &amp; Paid up Share Capital :</b>		
23500000 Equity Shares of Rs. 10/- each fully Paid up (P.Y. 20000000 Equity Shares of Rs.10 each) (During the year, 2250000 Equity shares of Rs 10/- each fully paid up were issued on Conversion of Convertible Warrants)	235000000	212500000
<b>TOTAL :</b>	235000000	212500000
<b>B. CONVERTIBLE WARRANTS</b>		
<b>Issued subscribed &amp; Paid up :</b>		
(i) 22,50,000 Warrants of Rs.58/- Each & Rs.14.50/- Paid up on Each Warrants issued during the previous year	32625000	32625000
(ii) 12,50,000 warrants of Rs 58/- each & fully paid during previous year	0	72500000
(iii) 22,50,000 warrants of Rs 43.5/- each to make it fully paid of Rs. 58/- each during the year	97875000	
<b>Less:</b> 22,50,000 warrants converted to fully paid up equity shares of Rs 10/- each at a premium of Rs 48 per share	(130500000)	(72500000)
<b>TOTAL :</b>	0	32625000
	235000000	245125000
<b>SCHEDULE - 2 : RESERVES &amp; SURPLUS</b>		
<b>(I) Capital Reserve - Securities Premium</b>		
As per last Balance Sheet	416587500	356587500
Addition during the year	108000000	60000000
	524587500	416587500
<b>(II) Capital Reserve -</b>		
As per last Balance Sheet	40000000	40000000
<b>(III) General Reserve</b>		
As per last Balance Sheet	35000000	20000000
Addition during the year	15000000	15000000
	50000000	35000000
<b>(IV) Investment Reserve Fund</b>		
As per Last Balance Sheet	349335	2722118
Addition during the year	137829	0
Written back during the year	0	-2372783
	487164	349335
<b>(V) Profit &amp; Loss Account Balance</b>		
	406661623	316965424
<b>(VI) Foreign Currency Translation Reserve</b>		
	277041	285544
<b>TOTAL :</b>	1022013328	809187803



PARTICULARS	31-Mar-11 Rupees	31-Mar-10 Rupees
<b>SCHEDULE - 3 : SECURED LOANS</b>		
<b>1. Term Loan</b>		
Rupee Term Loan	1000312	42427706
Foreign Currency Term Loan	329768826	403803063
<b>2. Working Capital Facility</b>	63966904	-1608279
<b>3. Vehicle Loan</b>	2504835	4579316
<b>TOTAL :</b>	397240877	449201806

**NOTE :**

- (1) Rupee Term Loan and Foreign Currency Term Loan from State Bank of India as mentioned above is secured by hypothecation of Air Compressor, Gas Compressor, Work over Rigs and other Misc. Assets and further secured by personal guarantee of Directors and equitable mortgage of immovable properties situated at Ahmedabad and Modasa held in the name of director and relative of director.
- (2) Working Capital Facility from State Bank of India as mentioned above is secured by hypothecation of stock and book debt & further secured by personal guarantee of directors and equitable mortgage of immovable property situated at Ahmedabad & Modasa held in the name of director and relative of director
- (3) Working Capital Facility from Deutsche Bank AG as included above is secured by pledge of approved Mutual Funds (Debt Funds) held in the name of the company.
- (4) Buyer's Credits are obtained from overseas branches of State Bank of India which are backed by Letter of Undertaking from State Bank of India, Commercial Branch, Ahmedabad which has sanctioned the Term Loan.
- (5) Borrowing from Vehicle Loan are from banks and secured against hypothecation of vehicle and personal guarantee of Directors.

**SCHEDULE - 4 : UNSECURED LOANS**

Loan From Minority Interest Partner	0	0
<b>TOTAL :</b>	0	0

**SCHEDULE - 5 : FIXED ASSETS**

Sr. No.	Particulars	Gross Block			Depreciation Block				Net Block		
		Op. Bal. as on 01.04.10	Additions during the year	Deductions during the year	Cls. Bal. as on 31.03.11	Op. Bal. as on 01.04.10	Additions during the year	Deductions during the year	Cls. Bal. as on 31.03.11	As on 31.03.11	As on 31.03.10
(A)	Tankers	835000			835000	805769	11693		817462	17538	29231
(B)	Cranes	697075			697075	175557	78839		254396	442679	521518
(C)	Vehicles	15009303	49334	36333	15022304	2719454	1387196	24021	4082629	10939675	12289849
(D)	Air Compressor	11503401	0		11503401	6325574	752517		7078091	4425310	5177827
(E)	Gas Compressor	725756985	100777225	945000	825589210	83527913	38226671		121754584	703834626	642229060
(F)	Computers	4839993	3387874		8227867	3152752	698814		3851566	4376301	1687241
(G)	Shed, Foundation & Road	14390002	582243		14972245	7914195	2080294		9994489	4977756	6475807
(H)	Office Building	7158358			7158358	1796733	536162		2332895	4825462	5361624
(I)	R I Gs	376173029	7782641	422593	383533077	36349369	17915263		54264632	329268445	339823660
(J)	Office Equipment, Furniture & Fixtures	8878782	0		8878782	1818970	560403		2379373	6499409	7059812
(K)	Other Plant & Machinery	1206790	257326	0	1464116	374722	99742		474464	989652	832068
(L)	Oil Wells	50720	0	0	50720	0	0	0	0	50720	50720
	<b>TOTAL ( A )</b>	<b>1166499438</b>	<b>112836643</b>	<b>1403926</b>	<b>1277932155</b>	<b>144961010</b>	<b>62347594</b>	<b>24021</b>	<b>207284583</b>	<b>1070647572</b>	<b>1021538416</b>
(M)	Capital Work in Progress( B )	237874085	215688373	99448119	354114339	0	0	0	0	354114339	237874085
	<b>TOTAL ( A + B )</b>	<b>1404373523</b>	<b>328525016</b>	<b>100852045</b>	<b>1632046494</b>	<b>144961010</b>	<b>62347594</b>	<b>24021</b>	<b>207284583</b>	<b>1424761911</b>	<b>1259412501</b>
	PREVIOUS YEAR	1185066651	342056463	122896591	1404373522	87070246	58319359	428584	144961021	1259412501	



**ANNUAL REPORT 2010-11  
DEEP INDUSTRIES LIMITED**

PARTICULARS	No. of Shares/Units	31-Mar-11 Rupees	No. of Shares/Units	31-Mar-10 Rupees
<b>SCHEDULE - 6 : INVESTMENTS</b>				
<b>(A) LONG TERM INVESTMENTS :</b>				
<b>(i) Quoted Investments :</b>				
1. Ganesh Benzoplast Limited	5000	76844	5000	76844
2. Vama Industries Limited	2500	69111	2500	69111
3. Power Trading Corporation	4000	728484	4000	728484
4. Manglore Refinery Project Ltd.	0	0	450	26141
<b>(ii) Unquoted Investments :</b>				
Mehsana Nagarik Co-Op Sahakari Bank Ltd.	400	10000	400	10000
		<u>884439</u>		<u>910580</u>
<b>(B) CURRENT INVESTMENTS :</b>				
<b>(i) Unquoted Investments :</b>				
1. Canara Robeco ST- Retail Monthly Dividend Fund		0	429579	4350000
2. Canara Robeco ST-WEEKLY DIVIDEND FUND		0	991564	10036697
3. HDFC Cash Management Fund- T A Plan- Retail	22421	224845	268878	2697234
4. Hdfc Cash Management Fund -T A Plan- Wholesale		0	3344267	33548019
5. HDFC EQUITY FUND- Growth		0	11490	2500000
6. ICICI PRUDENTIAL INCOME PLAN		0	852364	10096319
7. ING Treasury Advantage Fund Reg - Daily Div		0	870270	8704965
8. Reliance Monthly Interval Fund - Series II -IDP		0	1304517	13050000
9. Religare Credit Opportunities Fund -I P		0	998173	10000000
10. SBI Magnum Comma Fund - D		0	115336	2141825
11. SBI DFS - 15 MONTH-5- GROWTH	2100210	21002099	2100210	21002099
12. HDFC Cash Management Daily Dividend Retail	0	0	3711	37199
13. Templeton India Income Opportunities Fund	2500000	25000000	0	0
		<u>46226944</u>		<u>118164357</u>
<b>TOTAL :</b>		<u>47111383</u>		<u>119074937</u>

**(D) DETAILS OF INVESTMENTS PURCHASED AND SOLD DURING THE YEAR :**

	Face Value	No. of Units (In lacs)	Cost Rs.
I. VARIOUS CATEGORIES OF MUTUAL FUND UNITS	10	129.07	236155692

**(E) AGGREGATE VALUE OF**

	AS AT 31ST MARCH 2011		AS AT 31ST MARCH 2010	
	Book value	Market Value	Book value	Market Value
<b>QUOTED INVESTMENT</b>	874439	387275	900580	551245
<b>UNQUOTED INVESTMENT</b>	46236944	48176355	118174357	118176731

**SCHEDULE - 7 : INVENTORIES**

( At Cost or market price whichever is lower )

Stock of Stores & Spares	32055889	19858498
Stock of Oil	1136528	384993
<b>TOTAL :</b>	<u>33192417</u>	<u>20243491</u>



PARTICULARS	31-Mar-11 Rupees	31-Mar-10 Rupees
<b>SCHEDULE - 8 : SUNDRY DEBTORS</b>		
( Unsecured Considered Good )		
Over Six Months	48587176	10517098
Others	<u>130661192</u>	<u>122539219</u>
<b>TOTAL :</b>	<u><u>179248368</u></u>	<u><u>133056317</u></u>
<b>SCHEDULE - 9 : CASH &amp; BANK BALANCES</b>		
(I) Cash on Hand	318846	211340
(II) Bank Balances :		
(a) With Schedule Bank		
1. In Current Account	803671	646488
2. In Fixed Deposit Account	<u>52542009</u>	<u>40917527</u>
	53345680	41564015
(b) With Other Bank		
1. Copper Mark Bank Oklahoma City USA	<u>221606</u>	<u>29004</u>
<b>TOTAL :</b>	<u><u>53886132</u></u>	<u><u>41804359</u></u>
<b>SCHEDULE - 10 : LOANS, ADVANCES AND DEPOSITS</b>		
(Unsecured Considered Good)		
Advances Recoverable in cash or in kind or for the value to be received		
(i) Income Tax & Cenvat Receivable	90753784	93361059
(ii) Other Loans, Advances & Deposits	<u>109289577</u>	<u>93620901</u>
<b>TOTAL :</b>	<u><u>200043361</u></u>	<u><u>186981960</u></u>
<b>SCHEDULE - 11 : CURRENT LIABILITIES AND PROVISIONS</b>		
(A) Current Liabilities :		
(i) Sundry Creditors	36285118	19992841
(ii) Unclaimed Dividend	43517	0
(iii) Interest accrued but not due for payment	427713	1061467
(iv) Other Liabilities	57623015	66120680
(v) Foreign Currency Monetary Translation Diff. A/c	636720	4452177
(vi) Duties & Taxes Payable	<u>15050268</u>	<u>12468732</u>
<b>TOTAL :</b>	<u><u>110066351</u></u>	<u><u>104095897</u></u>
(B) Provisions :		
Taxation Provisions	78850000	84837228
Proposed Equity Dividend	11750000	10625000
Tax on Proposed Equity Dividend	<u>1951675</u>	<u>1805719</u>
	92551675	97267947
<b>TOTAL :</b>	<u><u>202618026</u></u>	<u><u>201363844</u></u>
<b>SCHEDULE - 12 : MISCELLANEOUS EXPENDITURE</b>		
( To the extent not written off or adjusted )		
<b>Preliminary Expenses</b>		
As per Last balance sheet	23611301	27473261
Add : Additions during the year	0	55460
Less : Written off during the year	<u>3917420</u>	<u>3917420</u>
<b>TOTAL :</b>	<u><u>19693881</u></u>	<u><u>23611301</u></u>



**SCHEDULES 13 TO 17 FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2011**

<b>PARTICULARS</b>	<b>31-Mar-11 Rupees</b>	<b>31-Mar-10 Rupees</b>
<b>SCHEDULE - 13 : OTHER INCOME</b>		
Interest Received	4374792	2007192
Profit/Loss on sale of Investment (Net)	83218	339631
Dividend Received	2196731	3371596
Bad Debts Recovered	1730451	0
Misc. Income	3367892	1453755
Foreign Currency Fluctuation Gain/Loss (Net)	6451210	565603
Profit/(loss) on sale of Fixed Assets	-2812	-238541
<b>TOTAL :</b>	<b>18201482</b>	<b>7499236</b>
<b>SCHEDULE - 14 : OPERATING EXPENSES</b>		
Air, Gas Compressor & Rig Running & Maintenance Expenses	105515647	145311828
Vehicle Running and Maintenance Expenses.	4149641	3845820
Tender Fees	4353754	0
Consulting Fees for Tender	21000	0
Freight Expenses	3087	0
<b>TOTAL :</b>	<b>114043129</b>	<b>149157648</b>
<b>SCHEDULE - 15 : EMPLOYEES REMUNERATION &amp; BENEFITS</b>		
Salaries & Bonus	48061864	56672327
Employee Welfare & Staff Amenities	2886568	2988878
Contribution to Employees' benefit fund	817264	976645
<b>TOTAL :</b>	<b>51765696</b>	<b>60637850</b>
<b>SCHEDULE - 16 : ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Bank Charges	7268808	4960318
Insurance Premium	945268	1219151
Travelling Expenses (Directors Travelling Rs.2279554/-)	4473935	4181537
Directors' Remuneration	5638973	3583333
Professional , Consulting & Legal Expenses	5056744	4463823
Electricity Expenses	674195	1023485
Auditor's remuneration	110000	105000
Municipal Tax	92988	130533
Amount written off	648333	3617174
Other Expenses	22302005	12292136
<b>TOTAL :</b>	<b>47211249</b>	<b>35576489</b>
<b>SCHEDULE - 17 : INTEREST &amp; FINANCIAL CHARGES</b>		
Bank Interest On Hypothecation & Term loan	5311468	24148841
Interest & Finance Charges on Foreign Credit	19260900	14956097
Forward/ Option Contract Premium	5324275	2360617
Other Interest & Finance Charges	1397088	66597
<b>TOTAL :</b>	<b>31293731</b>	<b>41532152</b>



**SCHEDULE - 18 : NOTES FORMING PART OF CONSOLIDATED ACCOUNTS**

**A. Principles of Consolidation :**

The Consolidated financial statements (CFS) relate to Deep Industries Limited ("The Company"), its subsidiary companies. The CFS has been prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements" (AS – 21) notified by Companies (Accounting Standards) Rules, 2006 on the following basis:

- The financial statements of the company and its Subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses as per Accounting Standard 21 on "Consolidated Financial Statements" (AS – 21) notified by Companies (Accounting Standards) Rules, 2006.
- In case of Foreign subsidiaries being Non-integral operations revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Foreign Currency Translation reserve.
- The difference between the Cost of Investments in the subsidiary and the Company's share of net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statement as Goodwill or capital reserve as the case may be.
- Minority interest in the net assets of Consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from Liabilities and the Equity of Company's shareholders. Minority interest in the net assets of Consolidated subsidiaries consists of
  - Amount of equity attributable to minorities at the date on which investment in a subsidiary is made and
  - The minorities share of movements in equity since the date the parent subsidiary relationship came into existence.
- Minority interest's share of net profit/loss for the year of Consolidated subsidiaries is identified and adjusted against the profit after tax of the Group.
- 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.
- The financial statements of the subsidiary Deep Energy LLC used in the consolidation are drawn up to the same reporting date as that of the Company, i.e. 31<sup>st</sup> March 2011.

The list of subsidiary companies which are included in the consolidation and the Company's holdings therein are as under:

Name of subsidiary	Percentage of Ownership		Country of Incorporation
	2010-11	2009-10	
Deep Energy LLC	90	90	USA
Deep Natural Resources Limited	70	70	India
Prabha Energy Private Limited	71	71	India

**B.** Investments other than in subsidiaries have been accounted as per Accounting Standard (AS-13) Accounting for Investments.

**C. Other significant accounting policies**

These are set out under "Significant Accounting Policies" note A under Schedule 18 as given in the Standalone Financial statements of Deep Industries Limited.

Financial Statements are based on historical cost and are prepared on accrual basis.

**D. Managerial Remuneration**

**Director Remuneration:**

Particulars	Amount (Rs. In lacs)
Salaries	54.00
Perquisites & Sitting Fees	2.69
<b>Total</b>	<b>56.69</b>

Computation of Net Profit in accordance with Section 198 & 309 of the Companies Act, 1956

Profit before Taxes as per Profit and Loss Account	1753.08
Add : Managerial Remuneration	56.69
Add : Loss on Sale of Fixed Assets	0.03
Less : Profit on Sale of Investments	0.83
<b>Net Profit</b>	<b>1808.97</b>



Sr. No.	Particulars	Amount Paid (Rs. In Lacs)	Maximum Amount Restricted upto 11% of Net Profit
1.	Chairman and Managing Director	20.39	198.95
2.	Managing Director	18.00	
3.	Executive/Non Executive Director	18.30	
	<b>TOTAL</b>	<b>56.69</b>	

E. In the opinion of the board, the current assets, loans and advances are approximately of the value stated if realized in the ordinary course of business. The provision for all known liabilities are adequate and not in excess of the amount reasonably necessary.

F. Other Information pursuant to paragraphs 3, 4, 4A, 4B and 4D of Para-II of the Schedule VI is given as under so far as applicable to the Company.

- (a) The Company has not employed any person drawing remuneration of Rs.5,00,000/- per month or more or Rs.60,00,000/- per annum.
- (b) As the Company is engaged in providing services there is no manufacturing activity carried out and information in respect of installed capacity, production capacity, raw material consumption, opening and closing stock of goods produced and consumption of indigenous and imported raw materials and spares thereof and turnover of goods produced is not given. As regarding the Trading activity carried out by subsidiary company (Deep Natural Resources Limited) the details are as under:

**Trading of Fabrics**

Particulars	2010-11		2009-10	
	Qty.	Amount(Rs.)	Qty.	Amount(Rs.)
Opening Stock	0.Mt 0.Pc	Rs.NIL Rs. NIL	NIL NIL	NIL NIL
Purchase	2,20,456.5Mt 14750.Pc	2,28,37,715/ 32,13,750/-	NIL NIL	NIL NIL
Sales	220456.5Mt 14750Pc	2,71,62,935/ 38,22,750/-	NIL NIL	NIL NIL
Closing Stock	0.Mt 0.Pc	Rs. NIL Rs. NIL	NIL NIL	NIL NIL

Particulars	2010-11	2009-10
-------------	---------	---------

(c) **Value of imports calculated on CIF basis**

Capital Goods, Freight , Insurance	Rs. 8,96,17,520	Rs. 5,01,64,637
Spare Parts	Rs. 1,44,34,073	Rs. 95,71,538

(d) **Expenditure in Foreign Currency**

Spares, Equipment, Freight	Rs. 10,40,51,593	Rs. 5,97,36,175
Director's Travelling Expenses	Rs. 17,88,330	Rs. 5,55,926

(e) **Earnings in Foreign Currency**

NIL	0	0
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(f) **Payment to Statutory Auditors**

Audit Fees	Rs. 1,07,500	Rs. 1,05,000
Taxation Matters	Rs. 27,500	Rs. 25,000
Others	Rs. 25,000	Rs. 25,000
<b>Total</b>	<b>Rs. 1,60,000</b>	<b>Rs. 1,55,000</b>

G. Considering nature of activity it is not possible to ascertain the elements of Capital Commitment Expenditure to be executed on capital account.



**H. Contingent Liabilities:**

**i. Bank Guarantees**

The company has given counter guarantees aggregating to Rs. 1072.70 Lacs(31<sup>st</sup> March 2010 Rs. 1767.31 Lacs) to banks as at 31<sup>st</sup> March 2011.

**ii. Other Contingent Liabilities not provided for;**

Name of Statute	Amount (Rs. Lacs) 31.03.2011	Amount (Rs. Lacs) 31.03.2010
Income Tax Act	0.00	58.95
Service tax	4.35	4.35

I. Figures are rounded off to the nearest rupee and the previous year figures are regrouped wherever necessary.

**J. Segment Reporting**

During the year under audit, the Holding and its Subsidiary companies are engaged in two primary business segments i.e. service activity related to oil and gas operations and trading of fabrics activity. In secondary segment the entire consolidated turnover is from domestic area. More than 90% of revenue, profit, assets and liabilities are of single segment i.e. of service activity related to oil and gas operations having mainly the domestic income in secondary segment. In view of that no separate reporting is given as required to be made as per Accounting Standard 17 - "Segment Reporting" issued by the Council of the Institute of Chartered Accountants of India.

**K. Impairment of Assets**

The carrying amounts of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the assets' net selling price and value in use. In assessing the value in use the estimated future cash flows are discounted to the present value at the weighted average cost of capital. During the year there are no impairment losses on assets of the Company.

L. The Company during the Financial Year has received Rs. 9,78,75,000/-being balance 75% value of 22,50,000 Convertible Warrants issued during previous year. The said allottees on full payment of warrant have exercised the option of conversion to equity shares on 17.01.2011. On conversion Rs. 2,25,00,000 is transferred to Issued Capital being issue of 22,50,000 equity shares of Rs. 10/- each and Rs. 10,80,00,000/- is transferred to Share Premium account being Share premium of Rs. 48/- per share.

The Company upto 31<sup>st</sup> March 2011, has utilized the total amount of Rs. 20,30,00,000/- received on the preferential allotment towards the capital projects for which the preferential warrants were issued.

**M. As per Accounting Standard - 18, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:**

(i) List of related parties where control exists and related parties, with whom transactions have taken place and relationships

Subsidiary Company	Deep Energy LLC, USA Deep Natural Resources Limited Prabha Energy Pvt. Ltd.
Enterprises significantly influenced by KMP or RKMP	Deep Methane Private Limited Adinath Exim Resources Limited Visat Automobiles
Key Management Personnel	Mr. Paras Savla Mr. Rupesh Savla Mr. Dharen Savla Mr. Prabodh Baruah Mr. Vijay Shah Mr. Harish Bhide
Relative of Key Management Personnel (RKMP)	Mr. Manoj Savla Mrs. Avani Savla



(ii) Transactions during the financial year 2010-11 with the related parties are shown below:

Nature of transaction	KMP	RKMP	Enterprises significantly influenced
Remuneration & Sitting fees	5430000 (3613333)	95760 (96000)	
Contribution to charitable institutions			101000 (Nil)
Lease Rent	2822211 (709152)	3606078 (625152)	372000 (372000)
Petrol, Diesel, Gas, Oil etc			Nil (7262182)
Security Deposit	3797820 (Nil)	5323020 (Nil)	- (372000)
Perquisites	238972 (340235)		

Note: Figures in bracket represents previous year's figures

N. In compliance of Accounting Standard 22 on "Accounting for taxes on Income" issued by Institute of Chartered Accountants of India, the Company has provided Accumulated net deferred tax liability in respect of timing difference as on 31st March, 2011. The item - wise details of deferred tax liability as on 31.03.2011 are as under:

	(Rs. in Lacs)	
Deferred Tax Liability	2010-11	2009-10
<b>Difference between book and tax difference as on 1<sup>st</sup> April</b>	<b>789.40</b>	<b>547.04</b>
(a) Depreciation	210.13	234.95
(b) Preliminary Expense	7.34	7.51
Less : Deferred Tax Assets	-	-
Deferred Tax Liability (Net)	217.47	242.36
<b>Difference between book and tax difference as on 31<sup>st</sup> March</b>	<b>1006.87</b>	<b>789.40</b>

**O. Earnings per Share**

The earnings considered in ascertaining the Company's EPS represent profit for the year after tax. Basic EPS is computed and disclosed using the weighted average number of equity shares outstanding during the year.

Calculation of EPS

Particulars	31.03.2011	31.03.2010
Profit after tax (Rs. in lacs)	118533329	143643348
Weighted Average Number of shares considered as outstanding in computation of Basis EPS	21545000	20003424
Weighted Average Number of shares considered as outstanding in computation of Diluted EPS	21545000	21244143
Basic EPS, Shares of face value of Rs 10 each (in Rs)	5.50	7.18
Diluted EPS, Shares of face value of Rs 10 each (in Rs)	5.50	6.76

**P. Current Liability related to Micro, Small and Medium Enterprises**

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid to as at year end together with interest paid /payable under this Act have not been given.

The Company is making efforts to get the confirmation from the vendors as regards their status under the Act.



**Q. (a)** The specified disclosures for non cancellable Operating Leases as required by Accounting Standard 19 – “Leases” are given below :

<b>Particulars</b>	<b>Year Ended 31<sup>st</sup> March 2011(Rs.)</b>	<b>Year Ended 31<sup>st</sup> March 2010 (Rs.)</b>
Disclosures in respect of agreement for Office premises taken on lease :		
(i) Lease Payments recognized in the Profit and Loss Account for the year	48,13,774/-	Nil
(ii) Future minimum lease payments under non cancellable operating lease :		
- Not later than one year	91,20,840/-	Nil
- Later than one year but not later than five years	3,38,99,121/-	Nil
- Later than five year	Nil	Nil

**Significant Leasing Arrangements for Non Cancellable Operating Lease**

1. Under the agreement, refundable interest free deposits/advance rent have been given.
2. The agreements contain provision for renewal.
3. The period of agreement is of Nine years, however for submission of details as per As-19 we have considered only Non Cancellable period of Five years.

**(b)** The disclosure regarding cancellable Operating Leases are not included in point (a) above

**SIGNATURE TO SCHEDULE ‘1’ TO ‘18’**

As per our report of even date attached  
For & on Behalf of  
**Jayesh M. Shah & Co.**  
Chartered Accountants  
Firm Reg. No. 104173W

**Jayesh M.Shah**  
Proprietor  
M. No. 30638

**Renuka Upadhyay**  
Company Secretary

**Paras Savla**  
Chairman &  
Managing Director

**Rupesh Savla**  
Managing Director

Date : 2nd June 2011  
Place : Ahmedabad

Date : 2nd June 2011  
Place : Ahmedabad



**DEEP INDUSTRIES LIMITED**

Registered Office : Opp. Suryanarayan Bunglows, Sabarmati-Kalol State Highway, Motera, Gandhinagar - 380 005

**PROXY FORM**

Memberships Folio No. \_\_\_\_\_

DP ID \_\_\_\_\_

Client ID \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a Member/Members of Deep Industries Limited, hereby appoint  
\_\_\_\_\_ or failing him  
\_\_\_\_\_ of \_\_\_\_\_ or failing him  
him \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us  
and on my/our behalf at the Annual General Meeting of the Company to held on Wednesday, the 7th September, 2011 or any  
adjournment thereof.

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2011.

Affix  
Rs.1/-  
Revenue  
Stamp

Signed by the said \_\_\_\_\_

of \_\_\_\_\_

Note : If a member is unable to attend the Meeting, he may sign this form and send it to the Company's Registered Office at :  
Opp. Suryanarayan Bunglows, Sabarmati-Kalol State Highway, Motera, Gandhinagar - 380 005, so as to reach them not less  
than 48 hours before the Meeting.

----- TERE HERE -----

**DEEP INDUSTRIES LIMITED**

Registered Office : Opp. Suryanarayan Bunglows, Sabarmati-Kalol State Highway, Motera, Gandhinagar - 380 005

**ATTENDANCE SLIP**

I hereby record my presence at the Annual General Meeting convened at Conference Room, GCA Club House, Sardar Patel  
Stadium, Motera, Gandhinagar, Gujarat on Wednesday, the 7th September, 2011

Members Folio No. \_\_\_\_\_

DP ID \_\_\_\_\_

Client ID \_\_\_\_\_

Name of the Member attending the Meeting

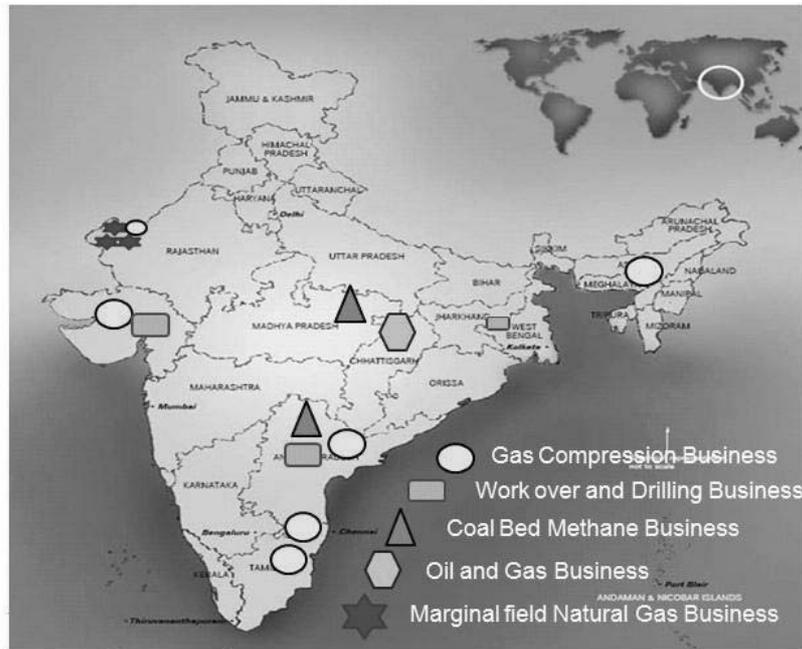
In case of proxy, Name of Proxy

(Signature of Member/Proxy)  
(To be signed at the time of  
handing over this slip)

Note : Members/Joint Members are requested to bring the attendance slip with them.

BOOK-POST

To,



**DEEP INDUSTRIES LIMITED**

Registered Office : Opp. Suryanarayan Bunglows,  
Sabarmati-Kalol State Highway, Motera, Gandhinagar - 380 005