



NOTICE

NOTICE is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of the members of Deep Industries Limited will be held on Tuesday, the 8th of June, 2010 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 31st March, 2010 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. Prabodh K. Baruah, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Harish G. Bhide, 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.

SPECIAL BUSINESS:

6. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

“RESOLVED FURTHER THAT pursuant to Section 31 and other applicable provisions of Companies Act, 1956 Articles of Association of the Company be and is hereby altered in the following manner:

1. The last line of Article 201(ii) of Article of Association is replaced by following line:
‘**There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.**’
2. New Article 62 A be inserted after existing Article 62 of Article of Association:
‘**A common form of transfer shall be used for executing transfer of securities.**’
3. New Article 47A be inserted after existing Article 47 of Article of Association:
‘**Fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer’s lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.**’
4. New Article 34A be inserted after existing Article 34 of Article of Association:
‘**Option or right to call of shares shall not be given to any person except with the sanction of the Issuer in general meetings.**’

“RESOLVED FURTHER THAT Mr. Paras Savla, Chairman & Managing Director of the Company be and is hereby authorized to take all the steps for giving effect to the said resolutions.”

7. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to section 94 and other applicable provisions, if any, of the Companies Act 1956 Authorized Share Capital of the Company be increased from Rs. 24,50,00,000/- divided in to 2,45,00,000 equity shares of Re.10/- each to Rs.35,00,00,000/- divided in to 3,50,00,000 equity shares of Re.10/- each.”

“RESOLVED FURTHER THAT subject to the approval of the members at the general meeting and pursuant to section 16 and other applicable provisions, if any, of the Companies Act 1956 Clause V of the Memorandum of Association of the Company be substituted as under :

V. The Authorised Share Capital of the Company is Rs. 35,00,00,000 (Rupees Thirty Five Crores Only) divided in to 3,50,00,000 (Three Crores Fifty Lacs) Equity Shares of Rs.10 (Rs. Ten Only) each.”

8. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof) (the “Act”), and pursuant to the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 the provisions of any other applicable laws including the Foreign Exchange Management Act, 1999 (FEMA), Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and



subject to any required approval, consent, permission and/or sanction of the Ministry of Finance (Department of Economic Affairs), the Securities and Exchange Board of India (the “SEBI”) and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by Government of India (the “GOI”), the Reserve Bank of India (the “RBI”), Foreign Investment Promotion Board, SEBI and/or any other competent authorities, (including any amendment thereto or re-enactment thereof for the time being in force) and the enabling provisions of the Memorandum of Association and Articles of Association of the Company, the Listing Agreements entered into by the Company with the stock exchanges on which the Company’s shares are listed and subject to necessary approvals, permissions, consents and sanctions of statutory and other authorities, concerned, institutions or bodies, whether in India and/or abroad, as may be necessary, and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to or accepted by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any committee thereof) consent of the Company be and is hereby accorded to the Board at their absolute discretion to create, offer, issue and allot in one or more tranches, in the course of domestic/international offerings to domestic/foreign investors/ institutional investors/foreign institutional investors, members, employees of the Company and/or its associates company(ies), non-resident Indians, companies or bodies corporate whether incorporated in India or abroad, to Qualified Institutional Buyers (“QIBs”) under Chapter VIII of the SEBI ICDR Regulations or a combination of the foregoing, Trusts, Mutual Funds, Banks, Financial Institutions, Insurance Companies, Pension Funds, Individuals or otherwise, whether shareholders of the Company or not, through a public issue, rights issue, private placement and/or any other permitted nature of offering, with or without an over-allotment option, equity shares and/or equity shares through Global Depository Receipts (“GDR”), American Depository Receipts (“ADR”), Foreign Currency Convertible Bonds (“FCCB’s”) or any such financial instrument convertible into equity shares (including warrants or otherwise, in registered or bearer form) and /or any security convertible into equity shares with or without voting/special rights or giving the holder a right to subscribe to equity shares including fully/partly convertible debentures, bonds, warrants, whether attached to other securities or otherwise and/or securities linked to equity shares, or any other securities (all of which are hereinafter collectively referred to as “Securities”) or any combination of Securities, for raising funds upto Rs. 125 crores or equivalent amount in foreign currency, whether secured by way of charge on the assets of the company or unsecured, as may be decided by the Board, through issue of prospectus and /or placement document and/ or other permissible/requisite offer documentation such terms and conditions including security, rate of interest etc., as may be deemed appropriate by the Board at its absolute discretion (subject to being permissible under applicable laws and regulations) including the discretion to determine the categories and combination of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead managers, financial advisors and legal advisors.

RESOLVED FURTHER THAT in case of any equity linked issue/offering, including without limitation, any GDR/ADR/FCCB offering, the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion, redemption or cancellation of any such Securities referred to above or as may be in accordance with the terms of issue/offering in respect of such Securities and such equity shares shall rank pari passu with the existing equity shares of the Company in all respects except provided otherwise under the terms of issue/offering and in the offer document and/or prospectus and/or offer letter and/or offering circular and/or listing particulars.

RESOLVED FURTHER THAT in case of allotment of Securities by way of QIP as per the provisions of Chapter VIII of the SEBI ICDR Regulations:

- (i) the number and/or conversion price in relation to equity shares that may be issued and allotted on conversion of Securities that may be issued pursuant to this resolution including by way of a Qualified Institutional Placement (“QIP”) in accordance with the SEBI ICDR Regulations as mentioned above shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, split and consolidation of share capital, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring;
- (ii) the Securities issued under QIP shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized Stock Exchange, or except as may be permitted from time to time by the SEBI ICDR Regulations;
- (iii) the total amount raised in such manner should not, together with the over-allotment option exceed Rs. 125 Crores.
- (iv) the relevant date for the determination of applicable price for the issue of the Securities means the date of the meeting in which the Board of the Company or the Committee of Directors decides to open the proposed issue;
- (v) the Company shall ensure that the Securities are fully paid up and that the issue of Securities is made within 12 (twelve) months from the approval of this resolution by the members of the Company, or such other time as may be allowed by the SEBI ICDR Regulations from time to time, at such price being not less than the price determined in accordance with the pricing formula of the aforementioned SEBI ICDR Regulations.



RESOLVED FURTHER THAT the Company and/or any entity, agency or body authorised and/or appointed by the Company, may issue depository receipts representing the underlying Securities issued by the Company in negotiable registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability and free transferability thereof as per international practices and regulations (including listing on one or more stock exchange(s) inside or outside India) and under the forms and practices prevalent in the international market.

RESOLVED FURTHER THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals, to the Board to secure, if necessary all or any of the above securities to be issued by the creation of mortgage and/or charge on all or any of the Company's immovable and/or movable assets, both present and future, in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution(s), the Board, in consultation with the Lead Managers, Underwriters, Advisors and/or other persons as appointed by the Company, be and is hereby authorised to determine the form, terms and timing of the issue(s)/offering(s) including the investors to whom the Securities are to be allotted, issue price, face value, number of equity shares or other securities upon conversion or redemption or cancellation of the Securities, the price, premium or discount on issue/conversion of securities, rate of interest, period of conversion, listing on one or more Stock Exchanges in India and/or abroad and fixing of record date or book closure and related or incidental matters, as the Board in its absolute discretion deem fit and accept any modifications in the proposal as may be required by the authorities in such issues in India and/or abroad.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Securities as may be required, including issue and allotment of equity shares upon conversion of any securities referred to above or as may be necessary in accordance with the terms of the offer, all such equity shares ranking pari passu and inter-se with the then existing equity shares of the Company in all respects.

RESOLVED FURTHER THAT in the event of issue of Securities by way of GDRs and / or ADRs, the relevant date on the basis of which price of the resultant shares shall be determined as specified under applicable law, shall be the date of the meeting in which the Board decides to open the proposed issue of Securities;

RESOLVED FURTHER THAT such of the Securities as are not subscribed may be disposed off by the Board in its absolute discretion in such a manner, as the Board may deem fit and as permissible by law.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint or modify the terms of appointment or terminate the appointment and enter into and execute all such arrangements / agreements / contracts, with any lead manager(s) / underwriter(s) / global coordinator(s) / book runner(s) / merchant banker(s) / stabilising agent(s) / guarantor(s) / depository(ies) / listing agent(s) / trustees / legal counsel / custodian(s) / principal paying agent(s) / paying agent(s)/ conversion agent(s) / transfer agent(s) / process agent(s) / advisor(s) / registrar(s) / bankers and all such agencies or entities, within and outside India, as may be involved or concerned in such issue / offering of the Securities and to remunerate all such agencies and entities as may be involved in cash or in other permissible form including by way of payment of commission, brokerage, fees, expenses and reimbursement of their actual expenses incurred in relation to the issue/offering/listing of Securities and other expenses, if any or the like, as the Board may deem fit, subject to applicable laws and regulations;

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution(s), the Board be authorized on behalf of the Company to take all actions and to do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of the aforesaid Securities and listing thereof with the stock exchange(s) where the Company's shares are listed and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the aforesaid Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be authorized to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or the Chairman or any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution(s) and matters flowing from, connected with and incidental to any of the matters mentioned in the aforesaid resolution, the Board be and is hereby authorised on behalf of the Company to take all actions and to resolve and settle all questions and difficulties that may arise in the proposed issue / offer, allotment and conversion of any of the aforesaid Securities, utilization of the issue proceeds and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."



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

“RESOLVED THAT in pursuance to the provisions of Section 198, 269, 309, 310, 317 and other applicable provisions, if any of the Companies Act, 1956 read with Schedule XIII prescribed under the Companies Act, 1956 and in pursuance to the provisions of Articles of Association of the Company, Mr. Paras Savla be and is hereby reappointed as Managing Director of the Company for a period of Five Years w.e.f. 01/03/2010 at a remuneration and other terms and conditions as mentioned below :

- (a) SALARY : Rs. 150000/- p.m.
- (b) PERQUISITES AND AMENITIES :
1. Car and Telephone : Provision of Car used for Company’s business and Telephone at residence will not be considered as perquisites.
However personal long distance calls and use of car for private purposes shall be billed by the Company.
 2. Electricity Charges : Paid by the Company.
 3. Mobile : Cost of Mobile Instrument and its bill will be paid by the Company.
 4. Insurance Premium : Insurance Premium (Term Plan) upto Rs. 3,00,000/- to be reimbursed by the Company on production of documentary evidence).

- (c) OTHER TERMS AND CONDITIONS :
- a. He shall not be entitled to any sitting fees for attending the meeting of the Board of Directors or any committee thereof.
 - b. The Company will reimburse Mr. Paras Savla expenses incurred by him for entertainment, travelling and other expense in connection with the business of the Company. However personal long distance calls and use of car for private purposes shall be billed by the Company.
 - c. Mr. Paras Savla shall be free to resign his office by giving three calendar months’ notice in writing to the Company.
 - d. Mr. Paras Savla shall be entitle to compensation for loss of office in accordance with the provisions of Section 318 of the Act, if at any time his office is determined before the expiry of his term of office.
 - e. During the tenure of his term of office he shall not be liable to retire by rotation.

“RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the company has no profits or its profits are inadequate, remuneration by way of salary, perquisites and other allowances or any combination thereof shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule XIII of the Companies Act, 1956, whichever is lower, unless otherwise determined by the Board of Directors.”

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

“RESOLVED THAT in pursuance to the provisions of Section 198, 269, 309, 310, 317 and other applicable provisions, if any of the Companies Act, 1956 read with Schedule XIII prescribed under the Companies Act, 1956 and in pursuance to the provisions of Articles of Association of the Company, Mr. Rupesh Savla be and is hereby appointed as Managing Director of the Company for a period of Five Years w.e.f. 01/03/2010 at a remuneration and other terms and conditions as mentioned below :

- (a) SALARY : Rs. 150000/- p.m.
- (b) PERQUISITES AND AMENITIES :
1. Car and Telephone : Provision of Car used for Company’s business and Telephone at residence will not be considered as perquisites.
However personal long distance calls and use of car for private purposes shall be billed by the Company.



2. Electricity Charges : Paid by the Company.
3. Mobile : Cost of Mobile Instrument and its bill will be paid by the Company.
4. Insurance Premium : Insurance Premium (Term Plan) upto Rs. 3,00,000/- to be reimbursed by the Company on production of documentary evidence.

(c) OTHER TERMS AND CONDITIONS :

- a. He shall not be entitled to any sitting fees for attending the meeting of the Board of Directors or any committee thereof.
- b. The Company will reimburse Mr. Rupesh Savla expenses incurred by him for entertainment, travelling and other expense in connection with the business of the Company. However personal long distance calls and use of car for private purposes shall be billed by the Company.
- c. Mr. Rupesh Savla shall be free to resign his office by giving three calendar months' notice in writing to the Company.
- d. Mr. Rupesh Savla shall be entitle to compensation for loss of office in accordance with the provisions of Section 318 of the Act, if at any time his office is determined before the expiry of his term of office.
- e. During the tenure of his term of office he shall not be liable to retire by rotation.

“RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the company has no profits or its profits are inadequate, remuneration by way of salary, perquisites and other allowances or any combination thereof shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule XIII of the Companies Act, 1956, whichever is lower, unless otherwise determined by the Board of Directors.”

11. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

“RESOLVED THAT in pursuance to the provisions of Section 198, 269, 309, 310, 317 and other applicable provisions, if any of the Companies Act, 1956 read with Schedule XIII prescribed under the Companies Act, 1956 and in pursuance to the provisions of Articles of Association of the Company, salary of Mr. Dharen Savla, Executive Director be increased from Rs. 1,00,000 per month to Rs. 1,50,000 per month with effect from 1st March, 2010 and that the other terms and conditions including the perquisites and amenities presently being paid shall remain the same.”

“RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the company has no profits or its profits are inadequate, remuneration by way of salary, perquisites and other allowances or any combination thereof shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule XIII of the Companies Act, 1956, whichever is lower, unless otherwise determined by the Board of Directors.”

Date: 26.04.2010

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. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under Item No.6, 7, 8, 9, 10 & Item No. 11 of the Notice is annexed hereto.
2. **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.**



3. The Register of Members and Share Transfer Book of the company will remain closed from 2nd June, 2010 to 8th June, 2010 (both days inclusive).
4. 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.
5. 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.
6. Members/Proxies are requested to bring the Attendance Slip duly filled in.
7. 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.
8. 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.

Date: 26.04.2010

Registered Office:

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

By Order of Board of Directors

PARAS SAVLA

Chairman & Managing Director

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

ITEM NO. 6

At the time of listing application made with National Stock Exchange Limited the Company had given undertaking for alteration of Articles of Association of the Company as prescribed in the notice, as per Rule 19(2) (a) of the Securities Contracts (Regulation) Rules, 1957 and as per requirement of National Stock Exchange Limited. As per the provision of Sec 31 of the Companies Act, 1956, a Company shall not alter its Articles except with the consent of the members in the General Meeting of the Company. As such Company had given undertaking to National Stock Exchange for alteration of Article at the ensuing Annual General meeting of the Company. As such your Directors recommend to pass the Special resolution for alteration of Article of Association of the Company as set out in the notice.

The Articles of Association of the Company with proposed amendment is available for inspection in at the Registered Office of the Company during business hours.

None of the Directors of the Company is interested in the above resolution.

ITEM NO. 7

The Company proposes to enhance and strengthen its equity capital base by way of infusion of further equity capital by issue of equity shares or such other security which would be later on converted into equity shares or give right to the holders of the securities to subscribe to the equity capital at a later date. Hence, the Authorised Share Capital of the Company is required to be increased from Rs. 24.50 Crores divided into 2,45,00,000 Equity Shares of Rs. 10/- each to Rs. 35.00 Crores divided into 3,50,00,000 Equity Shares of Rs. 10/- each. Pursuant to provisions of Section 94 and Section 16 of the Companies Act, 1956 consent of members are required to be obtained for increase in Authorised Share Capital and alter clause V of Memorandum of Association of the Company in consequence thereof.

The Directors recommend the resolution for your approval.

The Memorandum of Association of the Company with proposed amendment is available for inspection in at the Registered Office of the Company during business hours.

None of the Directors of the Company is interested in the said resolution.



ITEM NO. 8

The Special Resolution contained in the Notice at Item No. [8] relates to a proposal by the Company to raise capital through Global Depository Receipts (“GDR”), American Depository Receipts (“ADR”), Foreign Currency Convertible Bonds (“FCCB’s”) or any such financial instrument convertible into equity shares (hereinafter referred to as “Securities”) including by means of a issue of Securities to Qualified Institutional Buyers (“QIBs”) as defined under the Securities & Exchange Board of India ((Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”).

The Company proposes to enhance and strengthen its equity capital base by way of infusion of further equity capital by issue of equity shares or such other security which would be later on converted into equity shares or give right to the holders of the securities to subscribe to the equity capital at a later date. As you are already aware that the Company has been awarded two Coal Bed Methane (CBM) Blocks at Singrauli in Madhya Pradesh and Godavari Valley (North) in Andhra Pradesh. The Company has acquired the land for the extraction/execution of 8 coreholes. Land acquisition for Test wells is under process. In Godavari (N) land acquisition for Core hole drilling is underway. The Company has obtained the Petroleum Exploration License (PEL) by the state government (Director Geology & Mining Madhya Pradesh). The Company is awaiting for Petroleum Exploration Licences (PEL) for Godavari (N) block. The Company has been awarded Consent of Operation (CFO) by Madhya Pradesh Pollution Control Board (MPPCB) on August 4, 2008. CFO process for GV(N) block is under process. In Singrauli Block, the Company has successfully completed drilling of three core holes and drilling of fourth, fifth and sixth coreholes is underway. Based on the results found, our Company has already initiated planning for Test wells. For completion of these wells, Company has already placed two rigs and deployment of two additional rigs is under final process. The proposed infusion of funds upto Rs. 125 crores is to part finance the expenditure as mentioned above in respect of to CBM Blocks as well as Capital Expenditure and Working Capital requirements for expansion of air and gas compression business, work over rig and drilling rig business, marginal field and any other services and businesses as deemed fit by Board of Directors of the Company, as per the provisions of Memorandum of Association of the Company.

It is proposed to create, offer, issue and allot Securities at such price, at a discount (if permissible) or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest, and to such person(s) including institutions, incorporated bodies and/or individuals or otherwise, as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories and combination of Investors to whom the offer, issue and allotment shall be made at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead managers, either in foreign currency or equivalent Indian Rupees inclusive of such premium as may be determined by the Board, in any convertible foreign currency, as the Board at its absolute discretion may deem fit and appropriate.

The Special Resolution also seeks to empower the Board to undertake a qualified institutional placement with qualified institutional buyers as defined under the SEBI ICDR Regulations apart from other options of private/public placements. The Board, may in its discretion adopt this mechanism, as prescribed under Chapter VIII of the SEBI ICDR Regulations. The pricing of the Securities to be issued to qualified institutional buyers pursuant to Chapter VIII of the SEBI ICDR Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with Chapter VIII of the SEBI ICDR Regulations. The pricing of the Securities in other mode of placements would be as per applicable statutory provisions.

The Equity Shares allotted or arising out of conversion of any Securities would be listed. The issue/allotment/conversion would be subject to the availability of regulatory approvals, as applicable to the particular issue/allotment/conversion. The conversion of Securities held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap under the prevailing Foreign Direct Investment norms applicable to the Company.

The Securities proposed to be issued under the authority of this Resolution, if necessary, may be secured by way of charge/hypothecation/mortgage on the Company’s assets as may be finalized by the Board of Directors in consultation with the Security Holders/Trustees for the holders of the said Securities. As the documents to be executed between the security holders/trustees for the holders of the said Securities and the Company may contain the power to take over the management of the Company in certain events, enabling approval is also sought under Section 293(1)(a) of the Companies Act, 1956.

As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchanges under the provisions of the Listing Agreement, as required.

Section 81(A) of the Companies Act, 1956, and the relevant clauses of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are listed, inter-alia provide that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of such Company in the manner laid down in the said Section 81 unless the shareholders in a General Meeting decide otherwise. Since, the Special Resolution proposed in the business of the Notice may result in the issue of shares of the Company otherwise than to the shareholders of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956, and the Listing Agreement. The Special Resolution, if passed, will



have the effect of allowing the Board to issue and allot Securities to the investors who may or may not be the existing shareholders of the Company/otherwise then on pro rata basis to the existing shareholders of the Company.

The Board believes that such an issue of Securities of the Company is in the interest of the Company and therefore recommends the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

ITEM NO. 9, 10, 11

The term of appointment of Mr. Paras Savla and Mr. Rupesh Savla, Managing Directors expired on 28th February, 2010. they were reappointed by the Board of Directors for 5 years with effect from 1st March, 2010 subject to approval of the members at the ensuing Annual General Meeting on the terms and conditions as mentioned in the Special Resolutions set out in the Notice.

The Board of Directors at their meeting held on 6th May, 2009 re-appointed Mr. Dharen Savla as Executive Director for five years with effect from 21st June, 2009. In view of increased business operations in Compression and Work over rigs business and commencement of business operations in CBM and Marginal fields, the Board at their meeting held on 22nd January, 2010, increased the remuneration of Shri Dharen Savla from Rs.1,00,000/- to Rs. 1,50,000/- per month keeping perquisites and amenities and other terms and conditions of his appointment same as specified in the Special resolution passed at the AGM held on 5th June, 2009.

The re-appointment of Shri Paras Savla, Shri Rupesh Savla and increase in salary of Shri Dharen Savla will be in accordance with section 198, 269, 309, 310, 317 and other applicable provisions, if any, read with provisions of Schedule XIII of the Companies Act,1956 without requiring the approval of Central Government.

The Directors recommend the Special Resolutions no. 9, 10 and 11 for your approval.

Except Shri Paras Savla, Shri Rupesh Savla and Shri Dharen Savla, none of the Directors' of the Company are concerned or interested in the said Resolution.

Date: 26.04.2010

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 31st March 2010
Mr. Prabodh G. Baruah	He is a post-graduate in Petroleum Technology and Bachelor Degree in Mechanical Engineering and has 39 years of vast experience in Oil & Gas Industry. He has worked as a member of the Task Group of the Ministry of Petroleum and Natural Gas to implement the vision of integrating the petroleum pipeline in India. He has also served as the Chairman of the Institute of Engineers of India.	Other Directorship NIL Committee Membership NIL
Mr Harish G. Bhide	He has a Diploma in Mechanical Engineering. He has more than 43 years of experience out of which 32 years with Indian Oil Corporation limited.	Other Directorship NIL Committee Membership NIL



DIRECTORS REPORT

To
The Members
Deep Industries Limited,
Ahmedabad.

Your Directors have pleasure in presenting Twentieth Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 2010.

FINANCIAL RESULTS:

Particulars	(Rs. In Lacs)	
	2009-10	2008-09
Sales/ Income from Operation	5533.80	3350.30
Other Income	74.66	92.77
Expenditure	2492.62	1544.54
Profit Before Interest and Depreciation	3115.84	1898.53
Less: Interest	415.32	302.05
Profit Before Depreciation	2700.52	1596.48
Less: Depreciation	583.07	370.77
Profit Before Tax	2117.45	1225.71
Less:		
Provision for: Current Taxation F.B.T	438.50	149.58
Short Provision of Taxation	—	21.92
Deferred Taxation	242.36	292.29
Net Profit	1436.59	761.92
Balance brought forward from last year	1984.19	1244.95
Exceptional Items (Profit/Loss)	0.00	0.00
Profit available for appropriation	3420.78	2006.87
APPROPRIATIONS:		
Transfer to General Reserve	150.00	0.00
Investment Reserve Fund	(23.72)	22.68
Proposed Dividend	106.25	0.00
Proposed Dividend Distribution Tax	18.05	0.00
Balance carried to Balance Sheet	3170.20	1984.19

DIVIDEND

Your Directors have recommended 5% dividend on Equity Shares for financial year ended on 31st March, 2010, 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 1st June, 2010 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 Auditors of the Company confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the listing agreement is annexed to the Report.



DIRECTORS

Mr. Prabodh G. Baruah and Mr. Harish G. Bhide 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 attached Unaudited Financial Results for the Financial Year 2009-10 of Deep Energy, LLC in USA. During the year under review, the Company has set up Subsidiary Companies, 'Deep Natural Resources Ltd.' for exploration, production & development of crude oil, coal bed methane (CBM) and natural gas and 'Prabha Energy Pvt. Ltd.' for generation of electrical power by conventional and non-conventional methods. The Company has attached Audited Financial Statements of 'Deep Natural Resources Limited' and 'Prabha Energy Pvt. Ltd.' for the Financial Year 2009-10. The statement under Section 212 of the Companies Act, 1956 for the Financial Year ended on 31st March, 2010 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 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 Company's 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 OUTGO

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:

Particulars	(Rs. in Lacs)	
	2009-10	2008-09
Earnings	-	-
Outgo	602.92	2364.08

DEMAT ESCROW A/C

The Company has opened 'IPO Escrow Account' in the name of Deep Industries Limited in view of SEBI circular dated April 24, 2009 bearing reference no. SEBI/CFD/DIL/LA/1/2009/24/04. The Company will hold allotted shares and dividend due on shares lying in demat escrow account which could not be credited to allottees account. Previously, there were Four (4) shareholders whose 1489 shares were pending and lying in escrow account maintained with our Registrar. As on date, these Shares as per the details given below have been transferred to IPO Escrow Account maintained by the Company.

SR NO	APPLNO	NAME1	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: 26.04.2010

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 31st March, 2010, 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	12	Yes	NIL	8
Rupesh K. Savla (Managing Director)	Executive, Non- Independent	12	Yes	NIL	7
Dharen S. Savla (Executive Director)	Executive, Non- Independent	13	Yes	NIL	3
Vijay R. Shah (Director)	Non- Executive, Independent	8	Yes	2	3
Harish G. Bhide (Director)	Non- Executive, Independent	8	No	NIL	NIL
Prabodh Kumar Baruah (Director)	Non Executive, Independent	3	No	NIL	NIL

Number of Board meetings held and the date on which held

Board Meeting	Date	Board Meeting	Date
1.	16.04.2009	8.	11.08.2009
2.	28.04.2009	9.	16.09.2009
3.	06.05.2009	10.	24.09.2009
4.	08.06.2009	11.	16.10.2009
5.	06.07.2009	12.	22.01.2010
6.	23.07.2009	13.	02.03.2010
7.	01.08.2009	14.	11.03.2010

AUDIT COMMITTEE

The Audit Committee as on 31st of March, 2010 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	4
Mr. Prabodh G. Baruah	Member	Non- Executive, Independent	2

Four meetings of Audit Committee were held during the Financial year 2009-10 on the following dates:

Committee Meeting	Date	Committee Meeting	Date
1.	28.04.2009	3.	16.10.2009
2.	23.07.2009	4.	22.01.2010

INVESTORS GRIEVANCES COMMITTEE

Composition

As on 31st March, 2010 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	4
Mr. Prabodh G. Baruah	Member	Non- Executive, Independent	2
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 2009-10 on the following dates:

Committee Meeting	Date
1.	28.04.2009
2.	23.07.2009
3.	16.10.2009
4.	22.01.2010

REMUNERATION COMMITTEE

Composition

As on 31st March, 2010 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	4
Mr. Prabodh G. Baruah	Member	Non- Executive, Independent	2



Details of Remuneration of Managing Directors and Executive Director for the Financial year 2009-10 are as under:

Sr No.	Name of Director	Amount Paid (Rs. In Lacs)
1.	Paras Savla (Chairman & Managing Director)	14.49
2.	Rupesh Savla (Managing Director)	12.91
3.	Dharen Savla (Executive Director)	11.83

Four Meetings of Remuneration Committee were held during the Financial year 2009-10 on the following dates:

Committee Meeting	Date
1.	28.04.2009
2.	23.07.2009
3.	16.10.2009
4.	22.01.2010

GENERAL BODY MEETING

Details of last three Annual General Meetings:

Year	Date	Time	Venue
2006-07	11.09.2007	4.00 P.M	Shree Vishwakarma Hall, Sabarmati Gandhinagar Highway, Near Visat Petrol Pump, Motera Gandhinagar
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

NOTE ON DIRECTORS APPOINTMENT/RE-APPOINTMENT

Mr. Prabodh G. Baruah and Mr. Harish G. Bhide Directors of the company are retiring by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Disclosures

- 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

- Date : 8th June, 2010.
Time : 10.30 a.m.
Venue : Conference Room, GCA Club House, Sardar Patel Stadium, Motera, Gandhinagar, Gujarat
Date of Book closure : 2nd June, 2010 to 8th June, 2010 (Both days inclusive)

Financial calendar

- Results for first quarter ending June 30, 2010. : On or before 31st July, 2010
Results for second quarter ending September 30, 2010 : On or before 31st October, 2010
Results for third quarter ending December 31, 2010 : On or before 31st January, 2011
Results for fourth quarter ending March 31, 2011 : On or before 30th April, 2011



Listing on Stock Exchange

The equity shares of the Company are listed on the Bombay Stock Exchange Limited. (BSE) (Scrip Code is 532760). The Equity Shares of the Company are listed on National Stock Exchange Limited (NSE) (Scrip Code is DEEPIND) with effect from 9th March, 2010.

The company has paid annual listing fees for the year 2010-11.

Market Price Data: High, Low during each month in last Financial Year till 31st of March, 2010.

MONTH	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April, 2009	63.80	37.55	—	—
May, 2009	126.80	53.00	—	—
June, 2009	143.30	99.50	—	—
July, 2009	112.10	78.60	—	—
August, 2009	94.15	77.00	—	—
September, 20089	119.95	78.40	—	—
October, 2009	135.45	104.60	—	—
November, 2009	117.00	96.00	—	—
December, 2009	134.40	101.85	—	—
January, 2010	127.00	100.10	—	—
February, 2010	109.75	92.05	—	—
March, 2010	121.00	95.00	107.75	104.55

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 lodgment, if documents are complete in all respects.

Dematerialization of Shares and Liquidity

As on 31st March, 2010, **2,10,90,999** Equity Shares of the Company, representing 99.25 % of the Share Capital of the Company are in electronic form.

Distribution of shareholding as on 31st March 2010.

No. of Shares	No. of Holders	Total No. of the Holders %	No. of Shares	Total No. of Shares %
1 to 500	11113	86.27	1651729	7.77
501 to 1000	883	6.86	722828	3.40
1001 to 2000	409	3.17	633892	2.98
2001 to 3000	134	1.04	350463	1.65
3001 to 4000	62	0.48	224827	1.06
4001 to 5000	69	0.54	333428	1.57
5001 to 10000	103	0.80	794970	3.74
10001 and above	108	0.84	16537863	77.83
Total	12881	100.00	21250000	100.00



Shareholding Pattern

Sr.No.	Category	No. of shares held	% of shareholding
1	Promoters	1,06,35,150	50.05
2	Mutual Fund and UTI	23,33,509	10.98
3	Banks, Financial Institutions, Insurance Co. (Central/ State Government Institution)	100	0.001
4	Foreign Institutional Investors	1,22,676	0.58
5	Private Corporate Bodies	12,34,689	5.81
6	NRI/OCBs	1,12,350	0.53
7	GDR	-	-
8	Indian Public (including Clearing Members)	68,11,526	32.05
	Total	2,12,50,000	100

Address for correspondence

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

The Compliance Officer

Deep Industries Limited

6th 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.

Date: 26.04.2010

Registered Office:

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

PARAS SAVLA
Chairman & Managing Director

AUDITORS' 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 31st March, 2010, 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 grievances 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 Jayesh M. Shah & Co.
Chartered Accountants

Date : 26.04.2010
Place : Ahmedabad

Jayesh M. Shah
Proprietor
M. No. 30638



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.

INDUSTRY OUTLOOK

Industry will have to be more techno innovative and cost effective to ensure adequate supplies of oil and natural gas at affordable prices. Developing technologies of tomorrow becomes imperative. Gas is gaining prominence as the bridge fuel and efforts are on to exploit India's natural endowment in gas in all its dimensions, like Coal Bed Methane (CBM), Underground Coal Gasification (UGC) and Gas Hydrates. Their 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.

Prices of oil remained volatile through out the year with price variation in the range of \$35 to \$147 in one year (Year 2008-09). The price has stabilized at the level of around \$ 80 in the year 2009-10. This type of volatility is absent in gas prices which shows the stability of the gas prices. This makes gas a more stable and hence a reliable fuel.

To meet this increasing pace of Industry requirements, the company has invested substantially in equipments & technologies to ensure availability of quality resources with latest technologies.

THE ECONOMY

Indian Scenario

The Indian oil and gas sector is one of the six core industries in India and has very significant forward linkages with the entire economy. India has been growing at a decent rate annually and is committed to accelerate the growth momentum in the years to come. This would translate into India's energy needs growing many times in the years to come. Hence, there is an emphasized need for wider and more intensive exploration for new finds, more efficient and effective recovery, a more rational and optimally balanced global price regime - as against the rather wide upward fluctuations of recent times, and a spirit of equitable common benefit in global energy cooperation.

The Indian oil and gas sector is of strategic importance and plays a predominantly pivotal role in influencing decisions in all other spheres of the economy. The annual growth has been commendable and will accelerate in future consequently encouraging all round growth and development. This has necessitated the need for a wider intensified search for new fields, evolving better methods of extraction, refining and distribution, the constitution of a national price mechanism - keeping in mind the alarming price fluctuation in the recent past and evolving a spirit of equitable global cooperation.

Energy needs in India are catered mainly by coal, oil, natural gas, hydropower, nuclear power and wind power in that order. The contribution by natural gas is only 8% of total energy requirement in India, as against around 24% at global levels. Nevertheless, with more gas finds in India, and with LNG gaining greater acceptance, the share of natural gas in India's energy consumption is set to scale up significantly in the medium to long term.

STRATEGY OF THE COMPANY

The Company's service division comprises of varied services like Air Compression, Gas Compression and Work Over Rig activities. The contracts of the company are fixed price contracts which are fixed for a specific time period. This helps the company to maintain its earnings in recessionary times.

GAS COMPRESSION BUSINESS

Strengths and Highlights:

- Top management of our Company has several years of experience and expertise in their domain.
- The day-to-day affairs of our Company are looked after by qualified and skilled key personnel with experience, under the supervision of our Managing Directors.
- We currently own 27 compressor packages, of various capacity to cater various needs of our client.
- We have compressed more than 750 million cubic metres of natural gas during the last five years.



With an existing portfolio of 27 gas compressors out of which 13 compressors are procured in last two financial years, the Company is strengthening its position as largest provider of gas compression services domestically. The compressor plants have been operating with utmost efficiency in different regions of the country. We are executing contract compression on turnkey basis, which includes supply of Equipment, Commissioning, Operation & Maintenance of Gas Engine driven compressor package. We have joined hands with reputed and experienced company like M/s Valerus Compression Services, Houston Texas, USA for supply of gas compressor packages in India and have technical back up for varied services of Oil & Gas sector.

Current Developments in Compression business:

Our Company has procured 13 new compressors during last Two financial years and have successfully commenced five gas compression contracts in the FY 2008-09 and 3 new gas compression contracts in current financial year. Moreover, we hope to receive some more contracts for gas compression in financial year 2010-11.

WORK-OVER ACTIVITY BUSINESS

Having established its presence in the gas compression segment, Company has diversified into providing work-over services to E & P players through its fleet of Rigs. Unlike drilling rigs, which are required at the hydrocarbon prospecting stage, work-over rigs, also called well servicing rigs, are required during the entire life-cycle of the well. The Government has allotted various exploration blocks under its NELP policy. A minimum work programme is fixed for each of the blocks which would ensure increased demand for the services. The company has 6 work over rigs and 1 Drilling rig of different capacity.

To strengthen the operational and technical capabilities, we are having active technical back up from M/s Indrillco Bakti, Indonesia, one of the renowned and giant in the field of drilling & workover services. Recently we have also tied up with United Gulf Energy Resources LLC, Oman, UAE as our technical Collaborator upto 2000 HP Drilling & Work over Rigs.

DIL operates onshore mechanical Rigs in India and our vision is to utilize our Rigs under long-term contracts. We provide Operation and Maintenance services for work over Rigs with technically skilled force multipliers. We have also tied-up with the renowned companies for technical know how in order to provide Integrated Services. Our HSE policy is well defined and is inline with International and Industrial safety norms.

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

Coal bed methane is a clean burning fuel. CBM is produced when organic material is turned into coal during burial as both the temperature and pressure increases. If, during the process, the coal is saturated with water and methane is trapped within the coal, the result is Coal Bed Methane, known as CBM.

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. Drilling of Core holes in this block is in full swing and likely to complete soon. Based on Core hole data, DIL is all set to go for drilling of Test wells. All the eight core hole locations are very strategically located and covering entire area of 330 Sq. Kms. Petroleum Exploration Licensing activity, Land Acquisition and allied activities at Godavari (N) block is underway. The company is looking to start operations in 2010.

MARGINAL FIELDS

Key Highlights:

Oil And Natural Gas Corporation Limited (ONGC), as a part of its Marginal Field Monetization Programme, has allotted three Onshore fields in north-western Rajasthan to DIL for a period of 17 years starting FY07E, given the establishment of proven gas reserves of 1.42 BCM from all the three fields, the company's foray into exploration through this medium would help to reduce risks associated with wild-cat exploration. 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:

The pace of the operation programme at Marginal fields are remarkable and till date DIL has completed work over operations at Ghotaru and Bankia fields, operation at Kharatar field is underway. DIL has successfully completed work over operation of five wells in Ghotaru and two wells in Bankia. Along with the work over operations, DIL has already completed Pipeline survey for interconnection pipeline. Designing of Gas gathering Station, Gas processing units etc. are underway. Based on the results of work over programme, DIL has already initiated Market Survey for sale of its Natural Gas.

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 Chhatisgarh State. Total area of the block is 789 sq. Kms. The Company has already applied for Petroleum Exploration License.

FINANCIAL ANALYSIS

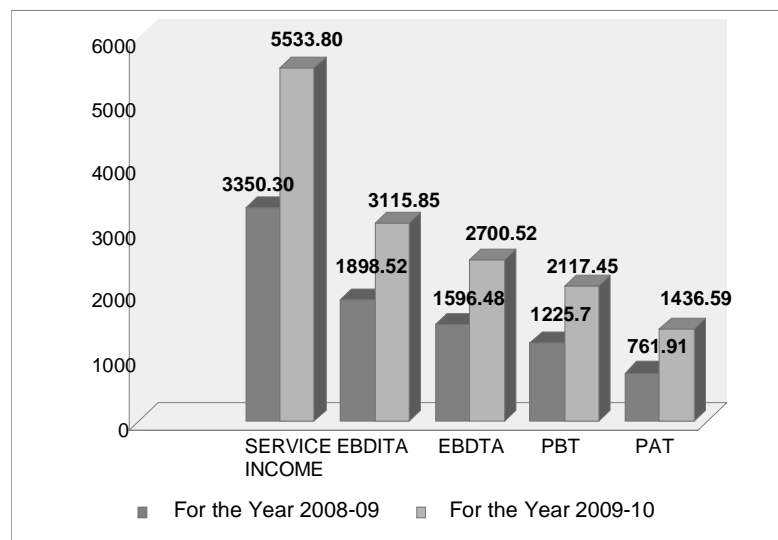
Service Income

Service income of the Company has increased from Rs.3350.30 lacs to Rs.5533.80 lacs which shows an increase of 65.17% in operational income over the previous year. The Year on Year (YOY) growth of 65.17% in operational income is almost in line of YOY growth of 67.37% of previous year.

Income from Gas Compression has been increased by more than 66% over the previous year where as Income from Work over activities has been increase by more than 74% over the previous year. During the year company has shifted focus from Air Compression and Transportation activities to its core activities of Gas Compression and Work over activities.

(Rs. In Lacs)

	FOR THE YEAR 2008-09	FOR THE YEAR 2009-10
SERVICE INCOME	3350.30	5533.80
EBDITA	1898.53	3115.84
EBDTA	1596.48	2700.52
PBT	1225.71	2117.45
PAT	761.92	1436.59



Other Income

Other income decreased from Rs. 92.77 lacs to Rs. 74.66 lacs which shows a decrement of 24.25%. Such reduction is mainly due to decrease in profit on sale of Mutual Funds.



Operating Expenses

Operating Expenses has increased from Rs. 821.79 lacs to Rs. 1491.57 lacs which shows an increase of 81.5% commensurate with the increased operations of the company. Operating expenses as a percentage of operating income has been increased from 25.28% to 27.00% which is well with in industry norms.

Staff Cost

Employees' Remuneration & Benefits has increased from Rs.409.32 lacs to Rs.606.38 lacs which shows an increase of 48.14%. Staff Cost as a percentage of operating income has come down to 10.96 % compared to 12.21% in the previous year.

Administrative Cost

Administrative Expenses has increased from 274.01 lacs to 355.53 lacs which reflects an increase of 29.75% over previous year. Admin Cost as a percentage of operating income has come down to 6.42 % compared to 7.95% in the previous year. The reason is the benefit of economies of scale.

Financial Charges

Interest & Financial Charges has increased from Rs.302.05 lacs to Rs.415.32 lacs which shows an increase of 37.50%. Financial Charges as a percentage of operating income has come down to 7.51% compared to 9.01% in the previous year. The main reason is repayment of loan has commenced.

Depreciation

Depreciation has increased from Rs.370.77 lacs to Rs.583.08 lacs, an increase of 57.26% over the previous year. This is because increased capital expenditure during in F.Y. 2009-10.

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.

INTERNAL CONTROL SYSTEMS

The Company has built adequate systems of internal controls towards achieving efficiency and effectiveness in operations, optimum utilization of resources and effective monitoring thereof as well as compliance with all applicable laws.

HUMAN RESOURCES

With increase in competition, change in domestic scenario and globalization, a plethora of opportunities have opened up. In this scenario, it is important for companies to create a culture that is unique, distinctive and at the same time inspiring and motivating the people to put in their best. The Company has a right mix of young, energetic and motivated workforce, open workplace environment and a collaborative work culture that attributes to teamwork and believes in offering much more than a job. 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.



AUDITORS' REPORT

To,
The Members,
Deep Industries Limited.

1. We have audited the attached Balance Sheet of **DEEP INDUSTRIES LIMITED** as at 31st March, 2010 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 of our knowledge and belief were necessary for the purpose of our audit ;
 - (ii) In our opinion, proper books of accounts 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 31st March 2010 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 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (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 31st March, 2010 ; 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 : 26th April, 2010

(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 31st March, 2010.)

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 interest free unsecured loan to its two subsidiaries Companies. In respect of the said loans the maximum amount outstanding at any time during the year is Rs 127.20 Lacs and the year end balance is Rs 62.05 Lacs. 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 interest free 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 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 the 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 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 income tax and service tax as at 31st March, 2010 which have not been deposited on account of a dispute, are as follows:

Name of Statute	Nature of Dues	Amount (Rs. Lacs)	Related Period	From where the dispute is pending
I.T. Act	Income Tax on Certain Disallowances	1.12	A.Y. 2006-07	Com. Of Income Tax (Appeals)
I.T Act	Penalty u/s 271(1)(c)	57.83	A.Y. 2004-05	Com. Of Income Tax (Appeals)
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 31st March, 2010 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 12,50,000 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 : 26th April, 2010

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



BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCHEDULE	AMOUNTS RUPEES	AS AT 31-Mar-10 RUPEES	AMOUNTS RUPEES	AS AT 31-Mar-09 RUPEES
SOURCES OF FUNDS :					
(I) SHARE HOLDER'S FUND.					
(i) Share Capital	1	212500000		200000000	
(ii) Convertible Warrant	1	32625000		40000000	
(iii) Reserves & Surplus	2	<u>808956569</u>		<u>577728384</u>	
			1054081569		817728384
(II) LOAN FUNDS					
(i) Secured Loans	3	449201806		605007163	
(ii) Unsecured Loan	4	<u>0</u>		<u>0</u>	
			449201806		605007163
(III) DEFERRED TAX LIABILITY (NET)					
			78939877		54703787
	TOTAL :		<u>1582223252</u>		<u>1477439334</u>
APPLICATION OF FUNDS :					
(I) FIXED ASSETS					
(a) Gross Block	5	1166301718		1049727044	
(b) Less : Accumulated Depreciation		<u>144949662</u>		<u>87070246</u>	
		1021352055		962656798	
(c) Add : Capital Work in Progress		<u>237874085</u>		<u>135288887</u>	
			1259226141		1097945685
(II) INVESTMENTS					
	6		120622830		148893893
(III) CURRENT ASSETS, LOANS & ADVANCES					
(a) Inventories	7	20243491		26568162	
(b) Sundry Debtors	8	133056317		124689067	
(c) Cash & Bank Balances	9	40459905		20170296	
(d) Loans, Advances & Deposits	10	<u>186412025</u>		<u>103455696</u>	
		380171738		274883221	
Less: CURRENT LIABILITIES & PROVISIONS					
(a) Current Liabilities	11	104090897		30769497	
(b) Provisions		<u>97267947</u>		<u>40987228</u>	
		201358844		71756725	
Net Current Assets			178812894		203126496
(IV) MISC. EXPENSES (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)					
	12		23561387		27473261
	TOTAL :		<u>1582223252</u>		<u>1477439334</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

Rupesh Savla
Managing Director

Date : 26th April 2010
Place : Ahmedabad

Date : 26th April 2010
Place : Ahmedabad



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2010

PARTICULARS	SCHEDULE	AMOUNTS RUPEES	AS AT 31-Mar-10 RUPEES	AMOUNTS RUPEES	AS AT 31-Mar-09 RUPEES
(I) INCOME :					
Air, Gas Compression and Work Over Operation Income			553379712		334071242
Transportation Income			0		958891
Other Income	13		7465865		9277345
TOTAL :			<u>560845577</u>		<u>344307478</u>
(II) EXPENSES :					
Operating Expenses	14		149157648		82179260
Employees Remuneration & Benefits	15		60637850		40931828
Administrative & Other Expenses	16		35553061		27401126
Interest & Financial Charges	17		41532152		30204818
Depreciation	5		58307999		37077547
Misc Expenses Written off	12		3911874		3941922
TOTAL :			<u>349100584</u>		<u>221736501</u>
Profit Before Taxation			211744994		122570978
Less : 1. Income Tax Provision		43850000		17150411	
2. Deferred Tax Provision		24236090	68086090	29228753	46379164
Net profit after taxation			143658904		76191814
Balance of Profit & Loss Account of Previous year			198418766		124494711
(III) Balance Available for Appropriation			342077670		200686524
(IV) APPROPRIATIONS					
1. Transfer to General Reserve			15000000		0
2. Proposed Dividend			10625000		0
3. Tax on Proposed Dividend			1805719		0
4. Investment Reserve Fund			-2372783		2267759
Bal. of Profit & Loss Account carried to Bal.Sheet			317019734		198418766
TOTAL :			<u>342077670</u>		<u>200686524</u>
Basic E.P.S. of face value of Rs. 10 (In Rupees)			7.18		3.81
Diluted E.P.S. of face value of Rs. 10 (In Rupees)			6.76		3.81
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

Rupesh Savla
Managing Director

Date : 26th April 2010
Place : Ahmedabad

Date : 26th April 2010
Place : Ahmedabad



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

PARTICULARS	2009-10		2008-09	
	RUPEES	RUPEES	RUPEES	RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES :				
Net Profit before tax as per Profit & Loss Account		211744994		122570978
Adjustment for :				
Depreciation Expenses	58307999		37077547	
Interest Expenses	35467527		26072703	
Interest Expenses on late payment of TDS	0		43753	
Dividend Income	-3370968		-6430214	
Interest Income	-1974449		-1978235	
Profit/(Loss) on Sale of Investments	-339631		-276548	
Profit/(Loss) on Sale of Fixed Assets	238541		-80509	
Priliminary Expenses Written Off	3911874	92240893	3941922	58370418
Operating Profit before Working Capital Changes		303985887		180941396
Change in Working Capital				
Adjustment for				
Inventories	6324671		2495095	
Sundry Debtors	-8367250		-47425428	
Loans & Advances	-82956329		14038287	
Trade Payable & Other Liabilities	73321400	-11677508	13033247	-17858798
CASH FLOW FROM OPERATION		292308379		163082598
Cash Flow from Exceptional Claim				
Income Tax & Cenvat Credit		0	-40801949	-40801949
NET CASH GENERATED BY OPERATING ACTIVITIES		292308379		122280649
CASH FLOWS FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets & Changes in Work in Capital	-220165097		-674823047	
Sale of Fixed Assets	338100		4886555	
Purchase of Investments	0		-76005270	
Sale of Investments	28271063		0	
Interest Income	1974449		1978235	
Dividend Income	3370968		6430214	
Profit from Sale of Investments	339631	-185870886	276548	-737256765
CASH FLOWS FROM FINANCING ACTIVITIES :				
Interest Paid	-35467527		-26072703	
Interest Expenses on late payment of TDS	0		-43753	
Proceeds from Issue of Share Capital/Convertible Warrants (Net of Expenses / Recovery of Expenses)	105125000		0	
Proceeds from Secured Loans	-155805357		530235919	
Proceeds from Unsecured Loans	0		0	
Dividend and Dividend Tax Paid	0	-86147884	0	504119464
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		20289609		-110856653
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		20170297		131026950
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR		40459906		20170297

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 : 26th April 2010
Place : Ahmedabad

Renuka Upadhyay
Company Secretary

For Deep Industries Limited

Paras Savla
Chairman

Rupesh Savla
Managing Director

Date : 26th April 2010
Place : Ahmedabad



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	31-Mar-10 Rupees	31-Mar-09 Rupees
SCHEDULE - 1		
A. SHARE CAPITAL :		
Authorised Share Capital :		
24500000 Equity Shares of Rs. 10/- each (Previous Year 22000000 Equity Shares of Rs.10/- each)	245000000	220000000
Issued & Paid up Share Capital :		
21250000 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)	212500000	200000000
TOTAL :	212500000	200000000
B. CONVERTIBLE WARRANTS		
Issued subscribed & Paid up :		
(a) 20,00,000 Warrants of Rs 200/- each & Rs 20 paid up on each warrant (Previous year 20,00,000 warrants) Less: Forfeited during the year	40000000 <u>40000000</u>	 40000000
	0	40000000
(b) (i) 22,50,000 Warrants of Rs.58/- Each & Rs.14.50/- Paid up on Each Warrants issued during the year	32625000	
(ii) 12,50,000 warrants of Rs 58/- each & fully paid during the year	72500000	
Less: 12,50,000 warrants converted to fully paid up equity shares of Rs 10/- each at a premium of Rs 48 per share	<u>(72500000)</u>	<u>0</u>
TOTAL :	<u>245125000</u>	<u>240000000</u>
SCHEDULE - 2 : RESERVES & SURPLUS		
(I) Capital Reserve - Share Premium		
As per last Balance Sheet	356587500	356587500
Addition during the year	<u>60000000</u>	<u>0</u>
	416587500	356587500
(II) Capital Reserve - (For Preferential Warrant Forfeiture)		
As per last Balance Sheet	0	0
Addition during the year	<u>40000000</u>	<u>0</u>
	40000000	0
(III) General Reserve		
As per last Balance Sheet	20000000	20000000
Addition during the year	<u>15000000</u>	<u>0</u>
	35000000	20000000
(IV) Investment Reserve Fund		
As per Last Balance Sheet	2722118	454359
Addition during the year	0	2267759
Written back during the year	<u>-2372783</u>	<u>0</u>
	349335	2722118
(V) Profit & Loss Account Balance		
	317019734	198418766
TOTAL :	<u>808956569</u>	<u>577728384</u>



PARTICULARS	31-Mar-10 Rupees	31-Mar-09 Rupees
SCHEDULE - 3 : SECURED LOANS		
1. Term Loan		
Rupee Term Loan	42427706	318537212
Foreign Currency Term Loan	403803063	235977843
2. Working Capital Facility	-1608279	48180907
3. Vehicle Loan	4579316	2311201
TOTAL :	<u>449201806</u>	<u>605007163</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) 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.
- (4) Borrowing from Vehicle Loan are from banks and secured against hypothecation of vehicle and personal guarantee of Directors.

SCHEDULE - 4 : UNSECURED LOANS

TOTAL :	<u>0</u>	<u>0</u>
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SCHEDULE - 5 : FIXED ASSETS

Sr. No.	Particulars	Gross Block			Depreciation Block				Net Block		
		Op. Bal. as on 01.04.09	Additions during the year	Deductions during the year	Cls. Bal. as on 31.03.10	Op. Bal. as on 01.04.09	Additions during the year	Deductions during the year	Cls. Bal. as on 31.03.10	As on 31.03.10	As on 31.03.09
(A)	Tankers	835000	0	0	835000	786281	19488	0	805769	29231	48719
(B)	Crane	697075	0	0	697075	96718	78839	0	175557	521518	600357
(C)	Vehicles	9455165	6559363	1005225	15009303	2104204	1043834	428584	2719454	12289849	7350961
(D)	Air Compressor	11503401	0	0	11503401	5573057	752517	0	6325574	5177827	5930344
(E)	Gas Compressor	611218605	131998379	17460000	725756985	49889119	33638806	0	83527925	642229060	561329486
(F)	Computers	3973557	719436	0	4692993	2831046	310347	0	3141393	1551600	1142511
(G)	Shed, Foundation & Road	12903012	1486990	0	14390002	4965746	2948449	0	7914195	6475807	7937266
(H)	Office Building	7158358	0	0	7158358	1200998	595735	0	1796733	5361624	5957359
(I)	R I G	382146788	3135473	9109231	376173029	18098868	18250501	0	36349369	339823660	364047919
(J)	Office Equip., Furniture & Fixtures	8768893	109889	0	8878782	1234969	584001	0	1818970	7059812	7533924
(K)	Other Plant & Machinery	1067190	139600	0	1206790	289239	85483	0	374722	832068	777951
	TOTAL (A)	1049727044	144149130	27574456	1166301718	87070246	58308000	428584	144949662	1021352055	962656797
(L)	Capital Work in Progress(B)	135288887	197907333	95322135	237874085						
	TOTAL (A + B)	1185015931	342056463	122896591	1404175803	87070246	58308000	428584	144949662	1021352055	962656797
	PREVIOUS YEAR	515109438	963410256	293503763	1185015931	50103217	37077547	110518	87070246		1097945685



PARTICULARS	No. of Shares/Units	31-Mar-10 Rupees	No. of Shares/Units	31-Mar-09 Rupees
SCHEDULE - 6 : INVESTMENTS				
(A) LONG TERM INVESTMENTS :				
(i) Quoted Investments :				
1. Ganesh Benzoplast Limited	5000	76844	5000	76844
2. Vama Industries Limited	2500	69111	2500	69111
3. Manglore Refinery Project Ltd.	450	26141	450	26141
4. Power Trading Corporation	4000	728484	4000	728484
(ii) Unquoted Investments :				
(a) INVESTMENT IN SUBSIDIARIES				
90% share in Deep Energy LLC		1010520		1010520
70% share in Deep Natural Resources Ltd		350000		0
71% share in Prabha Energy Pvt. Ltd.		250000		0
(b) OTHERS				
Mehsana Nagarik Co-Op Sahakari Bank Ltd.	400	10000	400	10000
		2521100		1921100
(B) CURRENT INVESTMENTS :				
(i) Unquoted Investments :				
1. Canara Robeco ST- Retail Monthly Dividend Fund	429579	4350000		0
2. Canara Robeco ST-WEEKLY DIVIDEND FUND	991564	10036697		0
3. HDFC Cash Management Fund- T A Plan- Retail	266342	2671805		0
4. Hdfc Cash Management Fund-T A Plan-Wholesale	3344267	33548019		0
5. HDFC EQUITY FUND- Growth	11490	2500000		0
6. ICICI PRUDENTIAL INCOME PLAN	852364	10096319		0
7. ING Treasury Advantage Fund Reg - Daily Div	870270	8704965		0
8. RELAIANCE MONTHLY INTERVAL FUND- SERIES II-IDP	1304517	13050000		0
9. Religare Credit Opportunities Fund -I P	998173	10000000		0
10. SBI DFS - 15 MONTH-5- GROWTH	2100210	21002099		0
11. SBI MAGNUM COMMA FUND- D	115336	2141825		0
12. DSP Blackrock Govt. Sec. Fund		0	1182459	13024910
13. HDFC Cash Management Fund		0	1280254	12842870
14. ICICI Prudential Short Term Plan		0	459345	5385595
15. IDFC Arbitrage Plus Fund		0	636820	6671316
16. Kotak Bond Regular Dividend		0	2374253	26146278
17. Principal Liquid Plus Fund		0	541379	5424619
18. Reliance Money Manager Fund		0	7120	7126237
19. SBI Magnum Gilt Fund		0	1727219	17836311
20. SBI-SHF Ultra Short Term Insi. Growth		0	2902303	29037543
21. UTI Treasury Advantage Fund		0	15545	15549360
22. UTI G-SEC Fund		0	690601	7927755
		118101730		146972793
TOTAL :		120622830		148893893

(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	249.92	391571092
	AS AT 31ST MARCH 2010	AS AT 31ST MARCH 2009	
	Book value	Market Value	Book value Market Value
(E) AGGREGATE VALUE OF			
QUOTED INVESTMENT	900580	551245	900580 343240
UNQUOTED INVESTMENT	119722250	119724623	147993313 145828535



PARTICULARS	31-Mar-10 Rupees	31-Mar-09 Rupees
SCHEDULE - 7 : INVENTORIES		
(At Cost or market price whichever is lower)		
(As valued, verified and certified by the Management)		
Stock of Stores & Spares	19858498	26322381
Stock of Oil	384993	245781
TOTAL :	20243491	26568162
SCHEDULE - 8 : SUNDRY DEBTORS		
(Unsecured Considered Good)		
Over Six Months	10517098	5333422
Others	122539219	119355645
TOTAL :	133056317	124689067
SCHEDULE - 9 : CASH & BANK BALANCES		
(I) Cash on Hand	208514	122218
(II) Bank Balances :		
(a) With Schedule Bank		
1. In Current Account	333864	1179558
2. In Fixed Deposit Account	39917527	18867385
	40251391	20046943
(a) With Other Bank		
1. Mehsana Nagrik Sahakari Bank Current Account (Maximum o/s Balance during the year Rs.11702 (Rs.101,888/- in Previous Year))	0	1127
TOTAL :	40459905	20170288
SCHEDULE - 10 : LOANS, ADVANCES AND DEPOSITS		
(Unsecured Considered Good)		
Loan to Subsidiary Company		
(i) Deep Natural Resources Ltd.	6205638	0
Advances Recoverable in cash or in kind or for the value to be received		
(i) Income Tax & Cenvat Receivable	93361059	78427449
(ii) Other Loans, Advances & Deposits	86845328	25028248
TOTAL :	186412025	103455696
SCHEDULE - 11 : CURRENT LIABILITIES AND PROVISIONS		
(A) Current Liabilities :		
(i) Sundry Creditors	19987841	13901231
(ii) Other Liabilities	67182147	3935364
(iii) Foreign Currency Monetary Translation Diff. A/c	4452177	0
(iv) Duties & Taxes Payable	12468732	12932902
TOTAL :	104090897	30769497
(B) Provisions :		
Taxation & F.B.T. Provisions	84837228	40987228
Proposed Equity Dividend	10625000	0
Tax on Proposed Equity Dividend	1805719	0
	97267947	40987228
TOTAL :	201358844	71756725



PARTICULARS	31-Mar-10 Rupees	31-Mar-09 Rupees
SCHEDULE - 12 : MISCELLANEOUS EXPENDITURE		
<i>(To the extent not written off or adjusted)</i>		
(A) Preliminary Expenses		
As per Last balance sheet	27473261	31415183
Written off during the year	3911874	3941922
TOTAL :	<u>23561387</u>	<u>27473261</u>
SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010		
SCHEDULE - 13 : OTHER INCOME		
Interest Received	1974449	1978235
Profit/Loss on sale of Investment (Net)	339631	276548
Dividend Received	3370968	6430214
Misc. Income	1453755	492197
Foreign Currency Fluctuation Gain/Loss (Net)	565603	19642
Profit/(loss) on sale of Fixed Assets	-238541	80509
TOTAL :	<u>7465865</u>	<u>9277345</u>
SCHEDULE - 14 : OPERATING EXPENSES		
Air, Gas Compressor & Rig Running & Maintenance Expenses	145311828	78249433
Tanker Running & Maintenance Expenses	0	863007
Vehicle Running and Maintenance Expenses.	3845820	3066819
TOTAL :	<u>149157648</u>	<u>82179260</u>
SCHEDULE - 15 : EMPLOYEES REMUNERATION & BENEFITS :		
Salaries & Bonus	56672327	38991763
Employee Welfare & Staff Amenities	2988878	702993
Contribution to Employees' benefit fund	976645	1237072
TOTAL :	<u>60637850</u>	<u>40931828</u>
SCHEDULE - 16 : ADMINISTRATIVE & OTHER EXPENSES		
Bank Charges	4953884	4767324
Insurance Premium	1219151	1320638
Travelling Expenses (Directors Travelling Rs.1680398 /-)	4181537	3988103
Directors' Remuneration	3583333	2700000
Professional , Consulting & Legal Expenses	4463823	1466199
Electricity Expenses	1023485	831273
Auditor's remuneration	100000	25000
Municipal Tax	130533	74794
Amount written off	3617174	0
Other Expenses	12280141	12227795
TOTAL :	<u>35553061</u>	<u>27401126</u>
SCHEDULE - 17 : INTEREST & FINANCIAL CHARGES		
Bank Interest On Hypothecation & Term loan	24148841	24156124
Interest & Finance Charges on Foreign Credit	14956097	5941496
Forward/ Option Contract Premium	2360617	0
Other Interest & Finance Charges	66597	107198
TOTAL :	<u>41532152</u>	<u>30204818</u>



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.

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 contactor 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, 2011 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	35.83
Perquisites	3.40
Total	39.23

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	2117.45
Add : Managerial Remuneration	35.83
Add : Loss on Sale of Fixed Assets	2.39
Less : Profit on Sale of Investments	3.40
Net Profit	2152.27

Sr. No.	Particulars	Amount Paid (Rs. In Lacs)	Maximum Amount Restricted upto 11% of Net Profit
1.	Chairman and Managing Director	14.49	236.75
2.	Managing Director	12.91	
3.	Executive Director	11.83	
	TOTAL	39.23	

- 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.2,00,000/- per month or more or Rs. 24,00,000/- 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	2009-10	2008-09
(c) Value of imports calculated on CIF basis		
Capital Goods, Freight, Insurance	Rs. 5,01,64,637	Rs. 23,29,22,098
Spare Parts	Rs. 95,71,538	Rs. 28,09,347
(d) Expenditure in Foreign Currency		
Spares, Equipment, Freight	Rs. 5,97,36,175	Rs. 23,57,31,445
Director's Travelling Expenses	Rs. 5,55,926	Rs. 6,76,985
(e) Earnings in Foreign Currency		
NIL	0	0
(f) Payment to Statutory Auditors		
Audit Fees	Rs. 1,00,000	Rs. 25,000
Taxation Matters	Rs. 25,000	Rs. 15,000
Others	Rs. 25,000	Rs. 30,000
Total	Rs. 1,50,000	Rs. 70,000

- 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. 1767.31 Lacs(31st March 2009 Rs. 1182.17 Lacs) to banks as at 31st March 2010.

ii. Other Contingent Liabilities not provided for;

Name of Statute	Amount (Rs. Lacs) 31.03.2010	Amount (Rs. Lacs) 31.03.2009
Income Tax Act	58.95	38.20
Service tax	4.35	0.0

- 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 having mainly the domestic hire charges income and there are no separate reportable 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 had issued 20,00,000 Convertible Warrants of Rs. 200/- aggregating Rs. 40,00,00,000/- and had received Rs. 4,00,00,000/- at the time of allotment on 31st January 2008 being Rs. 20/- per Convertible Warrants. On option exercise by the allottee for forfeiture and /or on due date on non receipt of balance amount, the amount of Rs. 4,00,00,000/- has been forfeited and are transferred to Capital Reserve- Preferential Warrant Forfeiture account.
- K. The Company during the Financial Year has issued 35,00,000 Convertible Warrants of Rs. 58/- each aggregating to Rs. 20,30,00,000/- and has received Rs. 5,07,50,000/-being 25% value of said Convertible Warrants. The said Convertible Warrants were allotted on 11th August 2009. Further on 12,50,000 convertible warrants, the company has received balance consideration of Rs. 5,43,75,000 aggregating to total value of Rs.7,25,00,000/-. The said allottee on full payment of warrant have exercised the option of conversion to equity shares. On conversion Rs. 1,25,00,000 is transferred to Issued Capital being issue of 12,50,000 equity shares of Rs. 10/- each and Rs. 6,00,00,000 is transferred to Share Premium account being Share premium of Rs. 48/- each.

The company has utilized Rs. 9,30,93,799/- towards the capital projects for which the preferential warrants were issued.



L. As per Accounting Standard - 18, the disclosures of transactions with 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 PT Deep Indonesia 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 2009-10 with the related parties are shown below:

Nature of transaction	KMP	RKMP	Subsidiaries	Enterprises significantly influenced
Remuneration & Sitting fees	3613333 (2730000)	96000 (96000)		
Contribution to charitable institutions				(2300000)
Rent	709152 (670080)	625152 (586080)		372000 (341000)
Petrol, Diesel, Gas, Oil etc				7262182 (4573830)
Security Deposit				- (372000)
Perquisites	340235 (259145)			
Advance			6359738 -	
Investment			600000 (1010520)	

Note: Figures in bracket represents previous year's figures

M. 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, 2010. The item - wise details of deferred tax liability as on 31.03.2010 are as under:

	(Rs. in Lacs)	
Deferred Tax Liability	2009-10	2008-09
Difference between book and tax difference as on 1st April	547.04	254.75
(a) Depreciation	234.85	292.29
(b) Preliminary Expense	7.51	-
Less : Deferred Tax Assets	-	-
Deferred Tax Liability (Net)	242.36	292.29
Difference between book and tax difference as on 31st March	789.40	547.04



N. 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	31.03.2010	31.03.2009
Profit after tax	143658904	76191814
Weighted Average Number of shares considered as outstanding in computation of Basic EPS	20003424	20000000
Weighted Average Number of shares considered as outstanding in computation of Diluted EPS	21244143	20000000
Basic EPS, Shares of face value of Rs. 10 each (in Rs)	7.18	3.81
Diluted EPS, Shares of face value of Rs. 10 each (in Rs)	6.76	3.81

O. 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.

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	31/03/2010		

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

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement Convertible Warrants	125.00

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

Total Liabilities	15822.23	Total Assets	15822.23
Sources of Funds		Application of Funds	
Paid up Capital	2125.00	Net Fixed Assets	12592.26
Pref. Allotment of Convertible Warrants	326.25	Investments	1206.23
Reserves & Surplus	8089.56	Net Current Assets	1788.13
Secured Loans	4492.02	Misc. Expenditure	235.61
Deferred Tax Liabilities	789.40		

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

Turnover & Other Income	5608.46	Total Expenditure	3491.00
Profit Before Tax	2117.45	Profit After Tax	1436.59
Earnings per share Rs.	7.18	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

Date : 26th April 2010
Place : Ahmedabad

For Deep Industries Limited

Renuka Upadhyay
Company Secretary

Paras Savla
Chairman

Rupesh Savla
Managing Director

Date : 26th April 2010
Place : Ahmedabad



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

1	Name of the Subsidiary Company	Deep Natural Resources Limited	Prabha Energy Private Limited	Deep Energy LLC
2	Financial Year of the Subsidiary Company	31 st March, 2010	31 st March, 2010	31 st March, 2010
3	Number of shares held by Deep Industries Limited in the Subsidiary Company as on the above date	350000	25000	25200
4	% of holding in the Subsidiary Company	70%	71%	90%
5	The net aggregate amount of profit/ (loss) of the subsidiary for the above financial year of the subsidiary so far as they concern the members of Deep Industries Limited			
	a) Dealt with in the company's accounts for the year ended 31 st March, 2010	Rs 3521/-	(Rs 3271/-)	(Rs. 15778/-) (US\$ 338.02)
	b) Not dealt with in the company's accounts for the year ended 31 st March, 2010	NIL	NIL	NIL
6	The net aggregate amount of profit/ (loss) of the subsidiary for the previous financial year of the subsidiary so far as they concern the members of Deep Industries Limited			
	a) Dealt with in the company's accounts for the previous financial year(s).	N.A	N.A	(Rs. 38780/-) (US\$ 880.61)
	b) Not dealt with in the company's accounts for the previous financial year(s).	N.A	N.A	NIL

For Deep Industries Limited

Date : 26th April 2010
Place : Ahmedabad

Renuka Upadhyay
Company Secretary

Paras Savla
Chairman

Rupesh Savla
Managing Director



DEEP NATURAL RESOURCES LIMITED
BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCHEDULE	AMOUNT RUPEES	AS AT 31-Mar-10 RUPEES
SOURCES OF FUNDS :			
(I) SHARE HOLDER'S FUND.			
(i) Share Capital	1	500000	
(iii) Reserves & Surplus	2	<u>5030</u>	505030
(II) LOAN FUNDS			
(i) Secured Loan		0	
(ii) Unsecured Loans	3	<u>6205638</u>	6205638
(III) DEFERRED TAX LIABILITY			
TOTAL :			<u>10117</u>
			6720785
APPLICATION OF FUNDS :			
(I) FIXED ASSETS			
(a) Gross Block	4	147000	
(b) Less : Accumulated Depreciation		<u>11359</u>	
			135641
(II) INVESTMENTS			
			37199
(III) CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories		0	
(b) Sundry Debtors		0	
(c) Cash & Bank Balances	6	1014000	
(d) Loans, Advances & Deposites	7	<u>5507573</u>	
			6521573
Less: CURRENT LIABILITIES & PROVISIONS			
(a) Current Liabilities	8	2500	
(b) Provisions		<u>0</u>	
			2500
Net Current Assets			6519073
MISC. EXPENSES			
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	9		<u>28872</u>
TOTAL :			6720785
Notes Forming Part of Accounts	12		

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 : 26th April 2010
Place : Ahmedabad

For Deep Natural Resources Limited

Paras Savla
Director

Rupesh Savla
Director

Date : 26th April 2010
Place : Ahmedabad



DEEP NATURAL RESOURCES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST MARCH 2010

PARTICULARS	SCHEDULE	AS AT 31-Mar-10 RUPEES
(I) INCOME :		
Other Income	10	32942
TOTAL :		<u>32942</u>
(II) EXPENSES :		
Administrative & Other Expenses	11	3228
Depreciation Expenses	4	11359
Preliminary Expenses Written off	9	3208
TOTAL :		<u>17795</u>
Profit Before Taxation		15147
Less : Income Tax Provision		0
Deferred Tax Provision		10117
Balance Available for Appropriation		<u>5030</u>
Bal. of Profit & Loss Account carried to Balance Sheet		5030
TOTAL :		<u>5030</u>
Notes Forming Part of Accounts	12	

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 : 26th April 2010
Place : Ahmedabad

For Deep Natural Resources Limited

Paras Savla
Director

Rupesh Savla
Director

Date : 26th April 2010
Place : Ahmedabad



DEEP NATURAL RESOURCES LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH 2010

PARTICULARS		2009-10
CASH FLOWS FROM OPERATING ACTIVITIES :		
Net Profit before tax as per Profit & Loss Account		15147
Adjustment for :		
Depreciation Expenses	11359	
Dividend Income	-199	
Interest Income	-32743	
Preliminary Expenses Written Off	3208	-18375
Operating Profit before Working Capital Changes		-3228
Change in Working Capital		
Adjustment for		
Inventories	0	
Sundry Debtors	0	
Loans & Advances	-5507573	
Trade Payable & Other Liabilities	2500	-5505073
CASH FLOW FROM OPERATION		-5508301
Cash Flow from Exceptional Claim		
Income Tax & Cenvat Credit		0
NET CASH GENERATED BY OPERATING ACTIVITIES		-5508301
CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets & Changes in Work in Capital	-147000	
Sale of Fixed Assets	0	
Purchase of Investments	-37199	
Sale of Investments	0	
Interest Income	32743	
Dividend Income	199	
Profit from Sale of Investments	0	
		-151257
CASH FLOWS FROM FINANCING ACTIVITIES :		
Interest Paid	0	
Interest Expenses on late payment of TDS	0	
Proceeds from Issue of Share Capital/Convertible Warrants (Net of Expenses / Recovery of Expenses)	467920	
Proceeds from Secured Loans	0	
Proceeds from Unsecured Loans	6205638	
Dividend and Dividend Tax Paid	0	6673558
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1014000
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		0
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR		1014000

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 : 26th April 2010
Place : Ahmedabad

For Deep Natural Resources Limited

Paras Savla
Director

Rupesh Savla
Director

Date : 26th April 2010
Place : Ahmedabad



DEEP NATURAL RESOURCES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS		31-Mar-10 RUPEES
SCHEDULE - 1		
A. SHARE CAPITAL :		
Authorised Share Capital :		
500000 Shares of Rs. 1/- each fully paid up		500000
Issued & Paid up Share Capital :		
500000 Shares of Rs. 1/- each fully paid up (350000 Shares of Rs 1/- each held by Holding Company - Deep Industries Ltd.)		500000
SCHEDULE - 2 : RESERVES & SURPLUS		
Profit & Loss Account Balance		5030
TOTAL :		5030
SCHEDULE - 3 : UNSECURED LOAN :		
FROM HOLDING COMPANY :		
DEEP INDUSTRIES LIMITED		6205638
TOTAL :		6205638
SCHEDULE - 4 : FIXED ASSETS :		
GROSS BLOCK		
Computer Equipment	147000	
TOTAL ASSET		147000
DEPRECIATION BLOCK		
Addition during the year	11359	
		11359
NET BLOCK		135641
SCHEDULE - 5 : INVESTMENTS : AT COST		
Unquoted Investments		
HDFC CASH MANAGEMENT FUND (Market Value as on 31.03.2010 is Rs.37199)	Units 3710.8	37199
TOTAL :		37199
SCHEDULE - 6 : CASH & BANK BALANCES		
(I) Cash on Hand		2826
(II) Bank Balances :		
In Current account with Scheduled Bank		11174
In Fixed Deposits with Scheduled Bank		1000000
TOTAL :		1014000



DEEP NATURAL RESOURCES LIMITED

PARTICULARS 31-Mar-10
RUPEES

SCHEDULE - 7 : LOANS , ADVANCES AND DEPOSITS :

Advances (Recoverable in cash or in kind)

Deep CH4 Pvt. Ltd	635220
Savla Oil & Gas Pvt. Ltd	464856
Interest Receivable	29468
TDS Receivable	3275
Project Advances	4374754
TOTAL :	<u>5507573</u>

SCHEDULE - 8 : CURRENT LIABILITIES AND PROVISIONS

(a) Current Liabilities

Creditor for Expenses	2500
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(b) Provisions

TOTAL :	<u>0</u>
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SCHEDULE - 9 : MISCELLANEOUS EXPENDITURE

(To the Extent not written off or adjusted):

Preliminary Expenses	32080
Less : Written off during the year	3208
TOTAL :	<u>28872</u>

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

SCHEDULE - 10 : OTHER INCOME

Interest on Deposits	32743
Dividend	199
TOTAL :	<u>32942</u>

SCHEDULE - 11 : ADMINISTRATIVE & OTHER EXPENSES

Audit Fees	2500
PAN/TAN Application Fees	248
Stationery & Printing Exps	480
TOTAL :	<u>3228</u>



PRABHA ENERGY PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCHEDULE	AMOUNT RUPEES	AS AT 31-Mar-10 RUPEES
SOURCES OF FUNDS :			
(I) SHARE HOLDER'S FUND.			
(i) Share Capital	1	350000	
(iii) Reserves & Surplus		<u>0</u>	350000
(II) LOAN FUNDS			
(i) Secured Loan		0	
(ii) Unsecured Loan		<u>0</u>	0
TOTAL :			<u><u>350000</u></u>
APPLICATION OF FUNDS :			
(I) FIXED ASSETS			
			0
(II) INVESTMENTS			
	2		25429
(III) CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories		0	
(b) Sundry Debtors		0	
(c) Cash & Bank Balances	3	301450	
(d) Loans, Advances & Deposites		<u>0</u>	
		301450	
Less: CURRENT LIABILITIES & PROVISIONS			
(a) Current Liabilities	4	2500	
(b) Provisions		<u>0</u>	
		2500	
Net Current Assets			298950
(IV) MISC. EXPENSES (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)			
	5		21042
(V) PROFIT & LOSS ACCOUNT BALANCE			
			<u>4579</u>
TOTAL :			<u><u>350000</u></u>
Notes forming Part of Accounts	8		

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 : 26th April 2010
Place : Ahmedabad

For Prabha Energy Private Limited

Paras Savla
Director

Rupesh Savla
Director

Date : 26th April 2010
Place : Ahmedabad



PRABHA ENERGY PRIVATE LIMITED
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST MARCH 2010

PARTICULARS	SCHEDULE	AS AT 31-Mar-10 RUPEES
(I) INCOME :		
Other Income	6	429
TOTAL :		<u>429</u>
(II) EXPENSES :		
Administrative & Other Expenses	7	2670
Preliminary Expenses Written off	5	2338
TOTAL :		<u>5008</u>
Profit/Loss Before Taxation		-4579
Less : Income Tax Provision		0
Net Profit/Loss after Taxation		<u>-4579</u>
Bal. of Profit & Loss Account carried to Bal. Sheet		<u>-4579</u>
Notes forming Part of Accounts	8	

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 : 26th April 2010
Place : Ahmedabad

For Prabha Energy Private Limited

Paras Savla
Director

Rupesh Savla
Director

Date : 26th April 2010
Place : Ahmedabad



PRABHA ENERGY PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH 2010

PARTICULARS	2009-10
CASH FLOWS FROM OPERATING ACTIVITIES :	
Net Profit before tax as per Profit & Loss Account	-4579
Adjustment for :	
Depreciation Expenses	0
Dividend Income	-429
Interest Income	0
Preliminary Expenses Written Off	2338
	1909
Operating Profit before Working Capital Changes	-2670
Change in Working Capital	
Adjustment for	
Inventories	0
Sundry Debtors	0
Loans & Advances	0
Trade Payable & Other Liabilities	2500
	2500
CASH FLOW FROM OPERATION	-170
Cash Flow from Exceptional Claim	0
Income Tax & Cenvat Credit	0
	0
NET CASH GENERATED BY OPERATING ACTIVITIES	-170
CASH FLOWS FROM INVESTING ACTIVITIES :	
Purchase of Fixed Assets & Changes in Work in Capital	0
Sale of Fixed Assets	0
Purchase of Investments	-25429
Sale of Investments	0
Interest Income	0
Dividend Income	429
Profit from Sale of Investments	0
	-25000
CASH FLOWS FROM FINANCING ACTIVITIES :	
Interest Paid	0
Interest Expenses on late payment of TDS	0
Proceeds from Issue of Share Capital/Convertible Warrants (Net of Expenses / Recovery of Expenses)	326620
Proceeds from Secured Loans	0
Proceeds from Unsecured Loans	0
Dividend and Dividend Tax Paid	0
	326620
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	301450
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	0
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	301450

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 : 26th April 2010
Place : Ahmedabad

For Prabha Energy Private Limited

Paras Savla
Director

Rupesh Savla
Director

Date : 26th April 2010
Place : Ahmedabad



PRABHA ENERGY PRIVATE LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS		31-Mar-10 RUPEES
SCHEDULE - 1		
A. SHARE CAPITAL :		
Authorised Share Capital :		
50000 Shares of Rupees 10/- each		500000
Issued & Paid up Share Capital :		
35000 Shares of Rupees 10/- each fully paid up (25000 Shares of Rs 10/- each held by Holding Company - Deep Industries Ltd)		350000
SCHEDULE - 2 : INVESTMENTS : AT COST		
Unquoted Investments	Units	
HDFC Cash Management Fund (Market Value as on 31.03.2010 is Rs.25429)	2536.2	25429
TOTAL :		25429
SCHEDULE - 3 : CASH & BANK BALANCES		
(I) Cash on Hand		0
(II) Bank Balances :		
Balance in current account with scheduled bank		301450
TOTAL :		301450
SCHEDULE - 4 : CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Creditor for Expenses		2500
B. Provision		
		0
TOTAL :		2500
SCHEDULE - 5 : MISCELLANEOUS EXPENDITURE		
Preliminary Expenses		23380
Less : Written off during the year		2338
TOTAL :		21042
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010		
SCHEDULE - 6 : OTHER INCOME		
Dividend		429
TOTAL :		429
SCHEDULE - 7 : ADMINISTRATIVE & OTHER EXPENSES		
PAN/TAN Application Fees		170
Auditor's remuneration		2500
TOTAL :		2670



DEEP ENERGY LLC
BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	AMOUNTS USD	AS AT 31-Mar-10 RUPEES	AMOUNTS USD	AS AT 31-Mar-09 RUPEES
SOURCES OF FUNDS :				
(I) SHARE HOLDER'S FUND.				
(i) Share Capital	28000	1122800	28000	1122800
(iii) Reserves & Surplus	0	285544	0	297360
	28000	1408344	28000	1420160
(II) LOAN FUNDS				
(i) Secured Loan	0	0	0	0
(ii) Unsecured Loans	0	0	460	23337
	0	0	460	23337
TOTAL :	28000	1408344	28460	1443497
APPLICATION OF FUNDS :				
(I) FIXED ASSETS				
(a) Gross Block	1000	50720	1000	50720
(b) Less : Depreciation Reserve Fund	0	0	0	0
	1000	50720	1000	50720
(II) INVESTMENTS				
	0	0	0	0
(III) CURRENT ASSETS, LOANS & ADVANCES				
(a) Inventories	0	0	0	0
(b) Sundry Debtors	0	0	0	0
(c) Cash & Bank Balances	646	29004	1482	75149
(d) Loans, Advances & Deposites	25000	1268000	25000	1268000
	25646	1297004	26482	1343149
Less: CURRENT LIABILITIES & PROVISIONS				
(a) Current Liabilities	0	0	0	0
(b) Provisions	0	0	0	0
	0	0	0	0
Net Current Assets	25646	1297004	26482	1343149
(IV) (a) MISC. EXPENSES (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)				
(b) Profit & Loss Account	1354	60620	978	49628
TOTAL :	28000	1408344	28460	1443497

For Deep Energy LLC

Date : 26th April 2010
Place : Ahmedabad

Rupesh Savla
Manager

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2010

PARTICULARS	AMOUNTS USD	AS AT 31-Mar-10 RUPEES	AMOUNTS USD	AS AT 31-Mar-09 RUPEES
(I) INCOME :				
TOTAL :	0	0	0	0
(II) EXPENSES :				
Administrative & Other Expenses	376	17531	978	43089
TOTAL :	376	17531	978	43089
Bal. of Profit & Loss Account carried to Bal.Sheet	-376	-17531	-978	-43089
TOTAL :	-376	-17531	-978	-43089

For Deep Energy LLC

Date : 26th April 2010
Place : Ahmedabad

Rupesh Savla
Manager



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 31st March, 2010 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 14,08,344 as at 31st March 2010 and Total Revenue of Rs Nil and Cash flow amounting to Rs 46145 for the year then ended. And on the unaudited financial statements wherein the Company's share of loss aggregates to Rs 15778.
 - b) We have relied on these Un-audited Financial Statements which are approved by the Partner/ Manager 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 31st March, 2010 ; 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 : 26th April, 2010

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



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCHEDULE	AMOUNTS RUPEES	AS AT 31-Mar-10 RUPEES	AMOUNTS RUPEES	AS AT 31-Mar-09 RUPEES
SOURCES OF FUNDS :					
(I) SHARE HOLDER'S FUND					
(i) Share Capital	1	212500000		200000000	
(ii) Convertible Warrant	1	32625000		40000000	
(iii) Reserves & Surplus	2	809187803		577957254	
			1054312803		817957254
(II) LOAN FUNDS					
(i) Secured Loan	3	449201806		605007163	
(ii) Unsecured Loans	4	0		23337	
			449201806		605030500
MINORITY INTEREST		356419	356419	137707	137707
(III) DEFERRED TAX LIABILITY			78949994		54703787
TOTAL :			1582821022		1477829248
APPLICATION OF FUNDS :					
(I) FIXED ASSETS					
(a) Gross Block	5	1166499438		1049777764	
(b) Less : Accumulated Depreciation		144961021		87070246	
		1021538417		962707518	
(c) Add : Capital Work in Progress		237874084		135288887	
			1259412501		1097996405
(II) INVESTMENTS			119074937		147883373
(III) CURRENT ASSETS, LOANS & ADVANCES					
(a) Inventories	7	20243491		26568162	
(b) Sundry Debtors	8	133056317		124689067	
(c) Cash & Bank Balances	9	41804359		20245436	
(d) Loans, Advances & Deposits	10	186981960		104723696	
		382086126		276226361	
Less: CURRENT LIABILITIES & PROVISIONS		11			
(a) Current Liabilities		104095897		30769497	
(b) Provisions		97267947		40987228	
		201363844		71756725	
Net Current Assets			180722282		204469636
MISC. EXPENSES (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		12	23611301		27479835
TOTAL :			1582821022		1477829248
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

Paras Savla
Chairman

Rupesh Savla
Managing Director

Date : 26th April 2010
Place : Ahmedabad

Date : 26th April 2010
Place : Ahmedabad



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2010

PARTICULARS	SCHEDULE	AMOUNTS RUPEES	AS AT 31-Mar-10 RUPEES	AMOUNTS RUPEES	AS AT 31-Mar-09 RUPEES
(I) INCOME :					
Air, Gas Compression and Work Over Operation Income			553379712		334071242
Transportation Income			0		958891
Other Income	13		7499236		9277345
TOTAL :			<u>560878948</u>		<u>344307478</u>
(II) EXPENSES :					
Operating Expenses	14		149157648		82179260
Employees Remuneration & Benefits	15		60637850		40931828
Administrative & Other Expenses	16		35576489		27444188
Interest & Financial Charges	17		41532152		30204818
Depreciation Expenses	5		58319358		37077547
Misc Expenses Written off	12		3917420		3941922
TOTAL :			<u>349140917</u>		<u>221779563</u>
Profit Before Taxation			211738030		122527916
Less : 1. Income Tax Provision		43850000		17150411	
2. Deferred Tax Provision		24246207	68096207	29228753	46379164
Net profit after taxation			143641823		76148752
Add/(Less) : (Profit)/Loss of Minority Interest			1525		4308
Balance of Profit & Loss Account of Previous year			198380012		124494711
(III) Balance Available for Appropriation			342023360		200647770
(IV) APPROPRIATIONS					
1. Transfer to General Reserve			15000000		0
2. Proposed Dividend			10625000		0
3. Tax On Proposed Dividend			1805719		0
4. Investment Reserve Fund			-2372783		2267759
Bal. of Profit & Loss Account carried to Bal.Sheet			316965424		198380012
TOTAL :			<u>342023360</u>		<u>200647770</u>
Basic E.P.S. of face value of Rs. 10 (In Rupees)			7.18		3.81
Diluted E.P.S. of face value of Rs. 10 (In Rupees)			6.76		3.81
Notes Forming Part of Accounts	18				

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

For Deep Industries Limited

Jayesh M. Shah
Proprietor
M. No. 30638

Paras Savla
Chairman

Rupesh Savla
Managing Director

Date : 26th April 2010
Place : Ahmedabad

Date : 26th April 2010
Place : Ahmedabad



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

PARTICULARS	RUPEES	2009-10 RUPEES	RUPEES	2008-09 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES :				
Net Profit before tax as per Profit & Loss Account		211738030		122532224
Adjustment for :				
Depreciation Expenses	58319358		37077547	
Interest Expenses	35467527		26072703	
Interest Expenses on late payment of TDS	0		43753	
Dividend Income	-3371596		-6430214	
Interest Income	-2007192		-1978235	
Profit/(Loss) on Sale of Investments	-339631		-276548	
Profit/(Loss) on Sale of Fixed Assets	238541		-80509	
Preliminary Expenses Written Off	3917420	92224427	3941922	58370418
Operating Profit before Working Capital Changes		303962458		180902642
Change in Working Capital				
Adjustment for				
Inventories	6324671		2495095	
Sundry Debtors	-8367250		-47425428	
Loans & Advances	-82258264		12770287	
Trade Payable & Other Liabilities	73326400	-10974442	13033247	-19126798
CASH FLOW FROM OPERATION		292988015		161775844
Cash Flow from Exceptional Claim				
Income Tax & Cenvat Credit	0		-40801949	-40801949
NET CASH GENERATED BY OPERATING ACTIVITIES		292988015		120973895
CASH FLOWS FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets & Changes in Work in Capital	-220312096		-674873777	
Sale of Fixed Assets	338100		4886555	
Purchase of Investments	0		-74994750	
Sale of Investments	28808435		0	
Interest Income	2007192		1978235	
Dividend Income	3371596		6430214	
Profit from Sale of Investments	339631		276548	
		-185447142		-736296975
CASH FLOWS FROM FINANCING ACTIVITIES :				
Interest Paid	-35467527		-26072703	
Interest Expenses on late payment of TDS	0		-43753	
Proceeds from Issue of Share Capital/Convertible Warrants (Net of Expenses / Recovery of Expenses)	105069540		0	
Minority Interest & Capital Reserve	238157		405331	
Proceeds from Secured Loans	-155805357		530235919	
Proceeds from Unsecured Loans	-23337		23337	
Forex Investment Reserve	6574		-6564	
Dividend and Dividend Tax Paid	0	-85981951	0	504541568
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		21558923		-110781513
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		20245437		131026950
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR		41804360		20245437

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 : 26th April 2010
Place : Ahmedabad

For Deep Industries Limited

Paras Savla
Chairman

Rupesh Savla
Managing Director

Date : 26th April 2010
Place : Ahmedabad



SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	31-Mar-10 Rupees	31-Mar-09 Rupees
SCHEDULE - 1		
A. SHARE CAPITAL :		
Authorised Share Capital :		
24500000 Equity Shares of Rs. 10/- each (Previous Year 22000000 Equity Shares of Rs.10/- each)	245000000	220000000
Issued & Paid up Share Capital :		
21250000 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)	212500000	200000000
TOTAL :	212500000	200000000
B. CONVERTIBLE WARRANTS		
Issued subscribed & Paid up :		
(a) 20,00,000 Warrants of Rs 200/- each & Rs 20 paid up on each warrant (Previous year 20,00,000 warrants)	40000000	
Less: Forfeited during the year	40000000	0
(b) (i) 22,50,000 Warrants of Rs.58/- Each & Rs.14.50/- Paid up on Each Warrants issued during the year	32625000	
(ii) 12,50,000 warrants of Rs 58/- each & fully paid issued during the year	72500000	
Less: 12,50,000 warrants converted to fully paid equity shares of Rs 10/- each at a premium of Rs 48 per share	(72500000)	
TOTAL :	32625000	0
	245125000	240000000
SCHEDULE - 2 : RESERVES & SURPLUS		
(I) Capital Reserve - Share Premium		
As per last Balance Sheet	356587500	356587500
Addition during the year	60000000	0
(II) Capital Reserve - (For Preferential Warrant Forfeiture)		
As per last Balance Sheet	0	
Addition during the year	40000000	0
(III) General Reserve		
As per last Balance Sheet	20000000	20000000
Transfer from profit & Loss A/c	15000000	0
(IV) Investment Reserve Fund		
As per Last Balance Sheet	2722118	454359
Addition during the year	0	2267759
Written back during the year	-2372783	0
(V) Profit & Loss Account Balance		
	316965424	198380012
(VI) Foreign Currency Translation Reserve		
	285544	267624
TOTAL :	809187803	577957254



PARTICULARS	31-Mar-10 Rupees	31-Mar-09 Rupees
SCHEDULE - 3 : SECURED LOANS		
1. Term Loan		
Rupee Loan	42427706	318537212
Foreign Currency Loan	403803063	235977843
2. Working Capital Facility	-1608279	48180907
3. Vehicle Loan	4579316	2311201
TOTAL :	449201806	605007163

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 Loan 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) 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.
- (4) 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	23337
TOTAL :	0	23337

SCHEDULE - 5 : FIXED ASSETS

Sr. No.	Particulars	Gross Block			Depreciation Block				Net Block		
		Op. Bal. as on 01.04.09	Additions during the year	Deductions during the year	Cls. Bal. as on 31.03.10	Op. Bal. as on 01.04.09	Additions during the year	Deductions during the year	Cls. Bal. as on 31.03.10	As on 31.03.10	As on 31.03.09
(A)	Tankers	835000	0	0	835000	786281	19488	0	805769	29231	48719
(B)	Crane	697075	0	0	697075	96718	78839	0	175557	521518	600357
(C)	Vehicles	9455165	6559363	1005225	15009303	2104204	1043834	428584	2719454	12289849	7350961
(D)	Air Compressor	11503401	0	0	11503401	5573057	752517	0	6325574	5177827	5930344
(E)	Gas Compressor	611218605	131998379	17460000	725756985	49889119	33638806	0	83527925	642229060	561329486
(F)	Computers	3973557	866436	0	4839993	2831046	321706	0	3152752	1687241	1142511
(G)	Shed, Foundation & Road	12903012	1486990	0	14390002	4965746	2948449	0	7914195	6475807	7937266
(H)	Office Building	7158358	0	0	7158358	1200998	595735	0	1796733	5361624	5957359
(I)	R I G	382146788	3135473	9109231	376173029	18098868	18250501	0	36349369	339823660	364047919
(J)	Office Equipment, Furniture & Fixtures	8768893	109889	0	8878782	1234969	584001	0	1818970	7059812	7533924
(K)	Other Plant & Machinery	1067190	139600	0	1206790	289239	85483	0	374722	832068	777951
(L)	Oil Wells	50720	0	0	50720	0	0	0	0	50720	50720
	TOTAL (A)	1049777764	144296130	27574456	1166499438	87070246	58319359	428584	144961021	1021538416	962707517
(M)	Capital Work in Progress(B)	135288887	197907332	95322135	237874084						
	TOTAL (A + B)	1185066651	342203462	122896591	1404373522	87070246	58319359	428584	144961021	1021538416	962707517
	PREVIOUS YEAR	515109438	963460976	293503763	1185066651	50103217	37077547	110518	87070246	1097996405	



PARTICULARS	No. of Shares/Units	31-Mar-10 Rupees	No. of Shares/Units	31-Mar-09 Rupees
SCHEDULE - 6 : INVESTMENTS				
(A) LONG TERM INVESTMENTS :				
(i) Quoted Investments :				
1. Ganesh Benzoplast Limited	5000	76844	5000	76844
2. Vama Industries Limited	2500	69111	2500	69111
3. Manglore Refinery Project Ltd.	450	26141	450	26141
4. Power Trading Corporation	4000	728484	4000	728484
(ii) Unquoted Investments :				
Mehsana Nagarik Co-Op Sahakari Bank Ltd.	400	10000	400	10000
		910580		910580
(B) CURRENT INVESTMENTS :				
(i) Unquoted Investments :				
1. Canara Robeco ST- Retail Monthly Dividend Fund	429579	4350000		0
2. Canara Robeco ST-WEEKLY DIVIDEND FUND	991564	10036697		0
3. HDFC Cash Management Fund- T A Plan- Retail	268878	2697234		0
4. Hdfc Cash Management Fund -T A Plan- Wholesale	3344267	33548019		0
5. HDFC EQUITY FUND- Growth	11490	2500000		0
6. ICICI PRUDENTIAL INCOME PLAN	852364	10096319		0
7. ING Treasury Advantage Fund Reg - Daily Div	870270	8704965		0
8. RELAIANCE MONTHLY INTERVAL FUND-SERIES II-IDP	1304517	13050000		0
9. Religare Credit Opportunities Fund -I P	998173	10000000		0
10. SBI DFS - 15 MONTH-5- GROWTH	2100210	21002099		0
11. SBI MAGNUM COMMA FUND- D	115336	2141825		0
12. HDFC Cash management daily dividend Retail	3711	37199		0
13. DSP Blackrock Govt. Sec. Fund		0	1182459	13024910
14. HDFC Cash Management Fund		0	1280254	12842870
15. ICICI Prudential Short Term Plan		0	459345	5385595
16. IDFC Arbitrage Plus Fund		0	636820	6671316
17. Kotak Bond Regular Dividend		0	2374253	26146278
18. Principal Liquid Plus Fund		0	541379	5424619
19. Reliance Money Manager Fund		0	7120	7126237
20. SBI Magnum Gilt Fund		0	1727219	17836311
21. SBI-SHF Ultra Short Term Insi. Growth		0	2902303	29037543
22. UTI Treasury Advantage Fund		0	15545	15549360
23. UTI G-SEC Fund		0	690601	7927755
		118164357		146972793
TOTAL :		119074937		147883373

(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	249.92	391571092
	AS AT 31ST MARCH 2010	AS AT 31ST MARCH 2009	
(E) AGGREGATE VALUE OF	Book value	Market Value	Book value Market Value
QUOTED INVESTMENT	900580	551245	900580 343240
UNQUOTED INVESTMENT	118174357	118176731	147993313 145828535

SCHEDULE - 7 : INVENTORIES

(At Cost or market price whichever is lower)
(As valued, verified and certified by the Management)

Stock of Stores & Spares	19858498	26322381
Stock of Oil	384993	245781
TOTAL :	20243491	26568162



PARTICULARS	31-Mar-10 Rupees	31-Mar-09 Rupees
SCHEDULE - 8 : SUNDRY DEBTORS		
(Unsecured Considered Good)		
Over Six Months	10517097	5333422
Others	122539219	119355645
TOTAL :	<u>133056317</u>	<u>124689067</u>
SCHEDULE - 9 : CASH & BANK BALANCES		
(I) Cash on Hand	211340	122218
(II) Bank Balances :		
(a) With Schedule Bank		
1. In Current Account	646488	1179558
2. In Fixed Deposit Account	40917527	18867385
	<u>41564015</u>	<u>20046943</u>
(b) With Other Bank		
1. Mehsana Nagrik Sahakari Bank Current Account (Maximum o/s Balance during the year Rs.11702 (Rs.101,888/- in Previous Year))	0	1127
2. Copper Mark Bank Oklahoma City USA	29004	75149
	<u>29004</u>	<u>76276</u>
TOTAL :	<u>41804359</u>	<u>20245436</u>
SCHEDULE - 10 : LOANS, ADVANCES AND DEPOSITS		
(Unsecured Considered Good)		
Advances Recoverable in cash or in kind or for the value to be received		
(i) Income Tax & Cenvat Receivable	93361059	78427449
(ii) Other Loans, Advances & Deposits	93620901	26296248
TOTAL :	<u>186981960</u>	<u>104723696</u>
SCHEDULE - 11 : CURRENT LIABILITIES AND PROVISIONS		
(A) Current Liabilities :		
(i) Sundry Creditors	19992841	13901231
(ii) Other Liabilities	67182147	3935364
(iii) Foreign Currency Monetary Translation Diff. A/c	4452177	0
(iv) Duties & Taxes Payable	12468732	12932902
TOTAL :	<u>104095897</u>	<u>30769497</u>
(B) Provisions :		
Taxation & F.B.T. Provisions	84837228	40987228
Proposed Equity Dividend	10625000	0
Tax on Proposed Equity Dividend	1805719	0
	<u>97267947</u>	<u>40987228</u>
TOTAL :	<u>201363844</u>	<u>71756725</u>
SCHEDULE - 12 : MISCELLANEOUS EXPENDITURE		
<u>(To the extent not written off or adjusted)</u>		
(A) Preliminary Expenses		
As per Last balance sheet	27473261	31415183
Add : Additions during the year	55460	0
Less : Written off during the year	3917420	3941922
TOTAL (A) :	<u>23611301</u>	<u>27473261</u>
(B) Forex Investment Reserve		
Deep Energy LLC TOTAL (B) :	0	6574
TOTAL MISCELLANEOUS EXPENDITURE:	<u>23611301</u>	<u>27479835</u>



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

PARTICULARS	31-Mar-10 Rupees	31-Mar-09 Rupees
SCHEDULE - 13 : OTHER INCOME		
Interest Received	2007192	1978235
Profit/Loss on sale of Investment (Net)	339631	276548
Dividend Received	3371596	6430214
Misc. Income	1453755	492197
Foreign Currency Fluctuation Gain/Loss (Net)	565603	19642
Profit/(loss) on sale of Fixed Assets	-238541	80509
TOTAL :	7499236	9277345
SCHEDULE - 14 : OPERATING EXPENSES		
Air, Gas Compressor & Rig Running & Maintenance Expenses	145311828	78249433
Tanker Running & Maintenance Expenses	0	863007
Vehicle Running and Maintenance Expenses.	3845820	3066819
TOTAL :	149157648	82179260
SCHEDULE - 15 : EMPLOYEES REMUNERATION & BENEFITS		
Salaries & Bonus	56672327	38991763
Employee Welfare & Staff Amenities	2988878	702993
Contribution to Employees' benefit fund	976645	1237072
TOTAL :	60637850	40931828
SCHEDULE - 16 : ADMINISTRATIVE & OTHER EXPENSES		
Bank Charges	4960318	4774670
Insurance Premium	1219151	1320638
Travelling Expenses (Directors Travelling Rs.1680398 /-)	4181537	3988103
Directors' Remuneration	3583333	2700000
Professional, Consulting & Legal Expenses	4463823	1466199
Electricity Expenses	1023485	838598
Auditor's remuneration	105000	25000
Municipal Tax	130533	74794
Amount written off	3617174	0
Other Expenses	12292136	12256186
TOTAL :	35576489	27444188
SCHEDULE - 17 : INTEREST & FINANCIAL CHARGES		
Bank Interest On Hypothecation & Term loan	24148841	24156124
Interest & Finance Charges on Foreign Credit	14956097	5941496
Forward/ Option Contract Premium	2360617	0
Other Interest & Finance Charges	66597	107198
TOTAL :	41532152	30204818



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 is equity since the date the parent subsidiary relationship came into existence.
- Minority interest's share of net profit 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. 31st March 2010.

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
	2009-10	2008-09	
Deep Energy LLC	90	90	USA
Deep Natural Resources Limited	70	-	India
Prabha Energy Private Limited	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	35.83
Perquisites	3.40
Total	39.23

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

Profit before Taxes as per Profit and Loss Account	2117.38
Add : Managerial Remuneration	35.83
Add : Loss on Sale of Fixed Assets	2.39
Less : Profit on Sale of Investments	3.40
Net Profit	2152.20



Sr. No.	Particulars	Amount Paid (Rs. In Lacs)	Maximum Amount Restricted upto 11% of Net Profit
1.	Chairman and Managing Director	14.49	236.74
2.	Managing Director	12.91	
3.	Executive Director	11.83	
	TOTAL	39.23	

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.2,00,000/- per month or more or Rs. 24,00,000/- 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	2009-10	2008-09
(c) Value of imports calculated on CIF basis		
Capital Goods, Freight , Insurance	Rs. 5,01,64,637	Rs. 23,29,22,098
Spare Parts	Rs. 95,71,538	Rs. 28,09,347
(d) Expenditure in Foreign Currency		
Spares, Equipment, Freight	Rs. 5,97,36,175	Rs. 23,57,31,445
Director's Travelling Expenses	Rs. 5,55,926	Rs. 6,76,985
(e) Earnings in Foreign Currency		
NIL	0	0
(f) Payment to Statutory Auditors		
Audit Fees	Rs. 1,05,000	Rs. 25,000
Taxation Matters	Rs. 25,000	Rs. 15,000
Others	Rs. 25,000	Rs. 30,000
Total	Rs. 1,55,000	Rs. 70,000

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. 1767.31 Lacs (31st March 2009 Rs. 1182.17 Lacs) to banks as at 31st March 2010.

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

Name of Statute	Amount (Rs. Lacs) 31.03.2010	Amount (Rs. Lacs) 31.03.2009
Income Tax Act	58.95	38.20
Service tax	4.35	0.0

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

J. **Segment Reporting**

The Company is engaged in the service activity having mainly the domestic hire charges income and there are no separate reportable segments 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 had issued 20,00,000 Convertible Warrants of Rs. 200/- aggregating Rs. 40,00,00,000/- and had received Rs. 4,00,00,000/- at the time of allotment on 31st January 2008 being Rs. 20/- per Convertible Warrants. On option exercise by the allottee for forfeiture and /or on due date on non receipt of balance amount, the amount of Rs. 4,00,00,000/- has been forfeited and are transferred to Capital Reserve- Preferential Warrant Forfeiture account.
- M.** The Company during the Financial Year has issued 35,00,000 Convertible Warrants of Rs. 58/- each aggregating to Rs. 20,30,00,000/- and has received Rs. 5,07,50,000/- being 25% value of said Convertible Warrants. The said Convertible Warrants were allotted on 11th August 2009. Further on 12,50,000 convertible warrants, the company has received balance consideration of Rs. 5,43,75,000 aggregating to total value of Rs.7,25,00,000/-. The said allottee on full payment of warrant have exercised the option of conversion to equity shares. On conversion Rs. 1,25,00,000 is transferred to Issued Capital being issue of 12,50,000 equity shares of Rs. 10/- each and Rs. 6,00,00,000 is transferred to Share Premium account being Share premium of Rs. 48/- each.

The company has utilized Rs. 9,30,93,799/- towards the capital projects for which the preferential warrants were issued.

N. 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 PT Deep Indonesia 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 2009-10 with the related parties are shown below:

Nature of transaction	KMP	RKMP	Enterprises significantly influenced
Remuneration & Sitting fees	3613333 (2730000)	96000 (96000)	
Contribution to charitable institutions			(2300000)
Rent	709152 (670080)	625152 (586080)	372000 (341000)
Petrol, Diesel, Gas, Oil etc			7262182 (4573830)
Security Deposit			- (372000)
Perquisites	340235 (259145)		

Note: Figures in bracket represents previous year's figures



- O. 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, 2010. The item - wise details of deferred tax liability as on 31.03.2010 are as under:

	(Rs. in Lacs)	
Deferred Tax Liability	2009-10	2008-09
Difference between book and tax difference as on 1st April	547.04	254.75
(a) Depreciation	234.95	292.29
(b) Preliminary Expense	7.51	-
Less : Deferred Tax Assets	-	-
Deferred Tax Liability (Net)	242.36	292.29
Difference between book and tax difference as on 31st March	789.50	547.04

P. 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	31.03.2010	31.03.2009
Profit after tax (Rs. in lacs)	143643348	76153060
Weighted Average Number of shares considered as outstanding in computation of Basis EPS	20003424	20000000
Weighted Average Number of shares considered as outstanding in computation of Diluted EPS	21244143	20000000
Basic EPS, Shares of face value of Rs 10 each (in Rs)	7.18	3.81
Diluted EPS, Shares of face value of Rs 10 each (in Rs)	6.76	3.81

Q. 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.

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

Date : 26th April 2010
Place : Ahmedabad

For Deep Industries Limited

Paras Savla
Chairman

Rupesh Savla
Managing Director

Date : 26th April 2010
Place : Ahmedabad



DEEP INDUSTRIES LIMITED

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

PROXY FORM

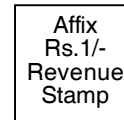
Memberships Folio No. _____

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 Tuesday, the 8th June, 2010 or any adjournment
thereof.

Signed this _____ Day of _____ 2010.



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 Tuesday, the 8th June, 2010

Members Folio No. _____

DP ID _____

Client ID _____

Name of the Member attending the Meeting

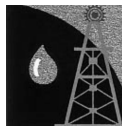
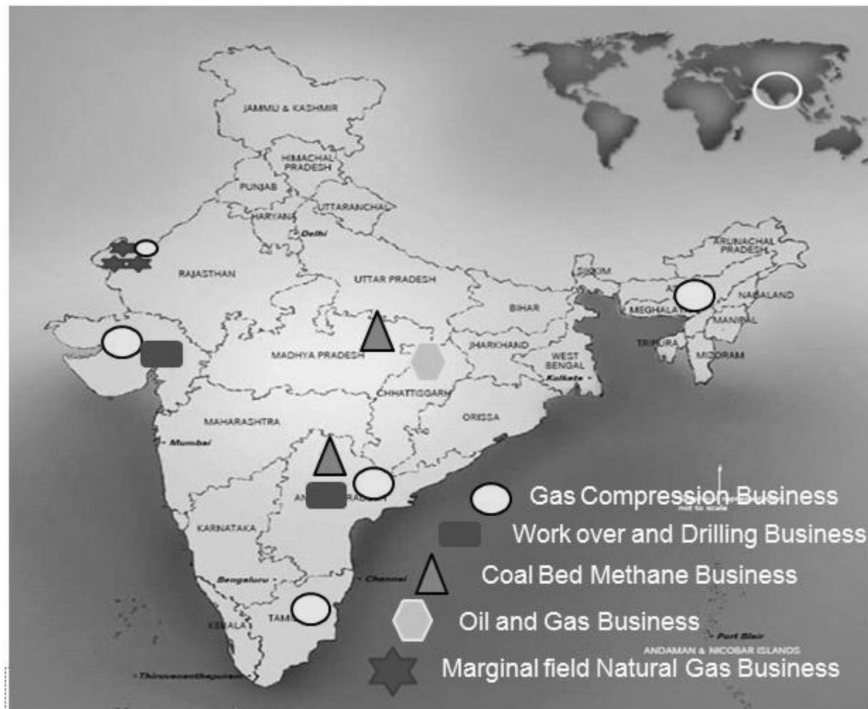
In case of proxy, Name of Proxy

(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.

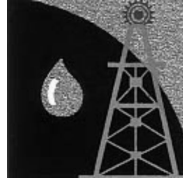
BOOK-POST

To,



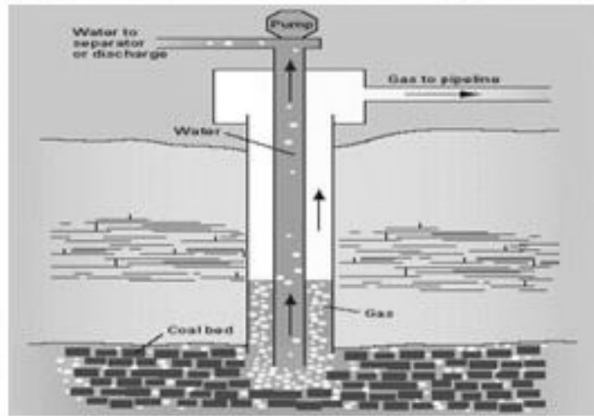
DEEP INDUSTRIES LIMITED

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

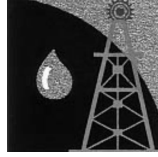


DEEP INDUSTRIES LIMITED

Oil and Gas Exploration and Services



20th Annual Report 2009-2010



DEEP INDUSTRIES LIMITED
20th Annual Report 2009-2010

BOARD OF DIRECTORS

Mr. Paras S. Savla	Chairman & Managing Director
Mr. Rupesh K. Savla	Managing Director
Mr. Dharen S. Savla	Executive Director
Mr. Prabodhkumar G. Baruah	Independent 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.

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 Bunglows,
Sabarmati-Kalol State Highway,
Motera, Gandhinagar - 380 005

CORPORATE OFFICE

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

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