

**Oil & Gas Exploration
Production & Services**

November 14, 2018

To,
Corporate Relations Department
Bombay Stock Exchange Limited
2nd Floor, P.J. Towers,
Dalal Street,
Mumbai-400 001
Scrip Code : 532760

To,
Corporate Relations Department
National Stock Exchange of India Ltd.
Exchange Plaza, Plot No. C/1, G-Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051.
Symbol: DEEPIND

Dear Sir/Madam,

Sub.: Investors/ Analysts Presentation – 2nd Quarter and Half Year ended on 30th September, 2018.

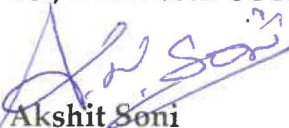
With Reference to regulation 30 of SEBI (LODR) Regulation, 2015, please find herewith attached presentation made on financial results of the company for the 2nd quarter and half year ended on 30-09-2018.

Please take note of the same.

Thanking You.

Yours faithfully,

For, DEEP INDUSTRIES LIMITED


Akshit Soni
Company Secretary



Encl: As Above



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CIN : L63090GJ1991PLC014833





DEEP Industries Limited

Investor Presentation – November 2018



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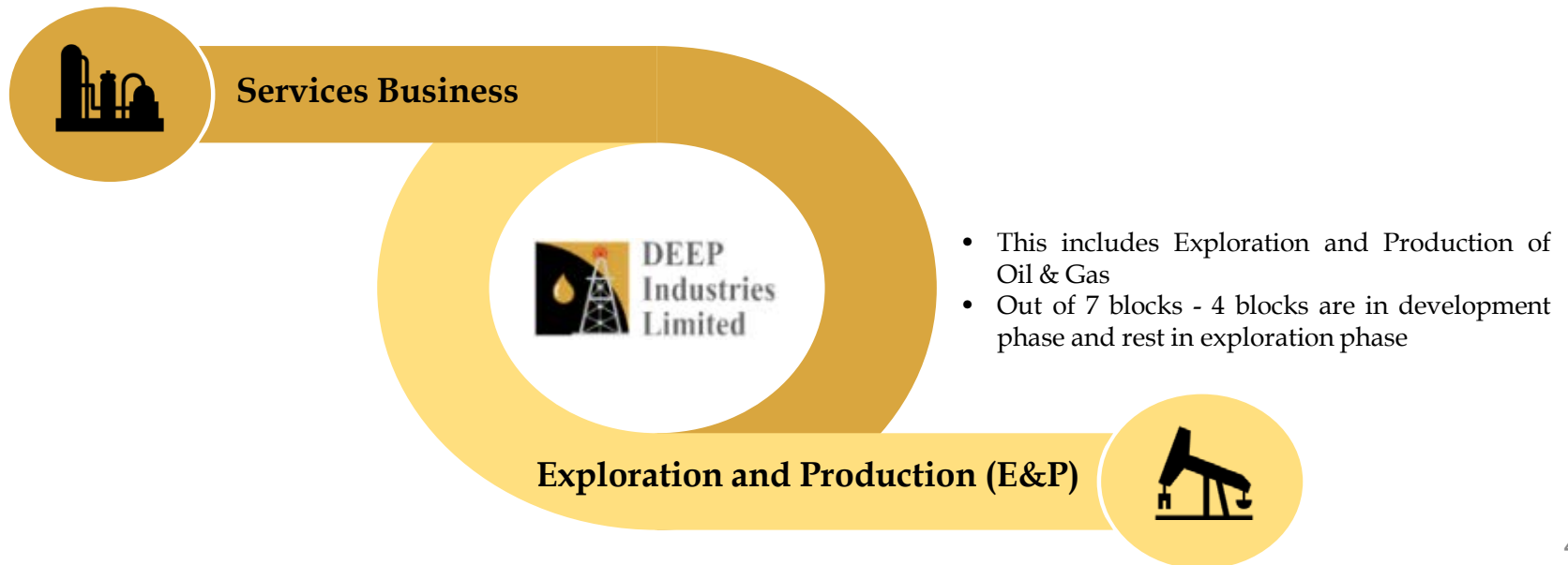
Performance Snapshot

Segregation of Services Business and E&P Business

- Proposed to separate **Services Business** and **E&P Business** in 2 separate listed entities with a view to have their own management expertise, financial and operational resources
- **E&P Business** to remain in Deep Industries Ltd., while **Services Business** to be demerged in a Separate Listed Entity by way of Scheme of Demerger
- Upon Scheme being effective, Resulting Entity housing **Services Business** to have mirror shareholding as that of current listed entity
- Scheme of Demerger to be approved by NCLT
- All Services business assets i.e. Rigs, Gas compressors Packages, Gas Dehydration Packages, employees with technical competence, existing contracts, other requisite assets & liabilities relating to services business shall be transferred to new entity
- Demerger shall not impact the existing contracts with our clients

Proposed Demerger to result in value unlocking of Services Business

Workover & Drilling rigs, Natural Gas Compression & Natural Gas Dehydration are covered in this segment



Standalone Profit & Loss – As per IndAS

Rs. Cr	Q2FY19	Q2Y18	H1FY19	H1Y18
Revenue	54.8	73.6	128.6	146.7
Direct Expenses	12.0	23.1	32.7	43.6
Employee Expenses	4.9	4.9	10.8	10.1
Other Expenses	7.7	6.3	15.3	10.3
EBITDA	30.3	39.3	69.9	82.7
<i>EBITDA Margin</i>	55.2%	53.3%	54.4%	56.4%
Other Income	0.4	1.0	1.4	1.7
Depreciation	8.8	9.6	17.7	19.2
EBIT	21.8	30.7	53.6	65.2
<i>EBIT Margin</i>	39.8%	41.7%	41.6%	44.5%
Finance costs	2.0	3.0	6.0	5.3
PBT	19.8	27.7	47.6	60.0
Tax	6.7	9.7	16.5	20.9
PAT	13.0	18.0	31.1	39.0
<i>PAT Margin</i>	23.8%	24.5%	24.2%	26.6%
Cash PAT*	21.9	27.6	48.8	58.2

Consolidated Performance

- Deep International DMCC, a 100% subsidiary of Deep Industries has booked Revenues of Rs. 30.86 Crs on provisional basis during H1FY19, this has resulted into a Consolidated Revenue of Rs. 159.50 Crs for H1FY19
- Deep International DMCC earned a Net Profit of Rs. 8.10 Crs on provisional basis, resulting into a Consolidated Net Profit for Deep Industries of Rs. 39.21 Crs

* Cash PAT=PAT+ Depreciation



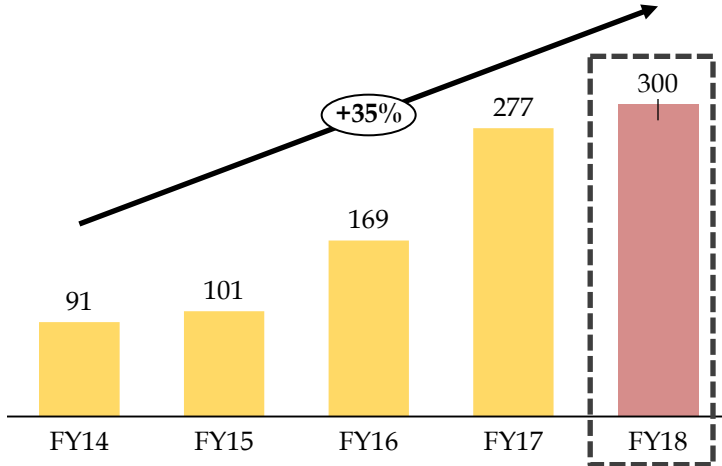
Standalone Balance Sheet – As per IndAS

Rs. Cr	Sept-18	Mar-18	Sep-17	Rs. Cr	Sept-18	Mar-18	Sep-17
Non Current Assets	524	543	579	Equity	481	455	418
Property Plat & Equipment	489	509	501	Share Capital	32	32	32
Capital Work In Progress	13	13	52	Other Equity	449	423	386
Intangible Assets	0	0	0	Total Non Current Liabilities	130	200	220
Investments	19	19	19	Borrowings	70	144	167
Loans	-	-	1	Trade Payables	1	0	0
Other Financial Assets	1	1	5	Deferred Tax Liabilities (Net)	58	53	50
Other Non – Current assets	2	1	1	Other Non –Current Liabilities	1	2	3
Total Current Assets	182	247	176	Provisions	1	1	0
Inventories	8	11	11	Total Current Liabilities	96	135	116
Trade Receivables	118	85	74	Borrowings	7	14	5
Investments	15	92	49	Trade Payables	15	17	9
Cash & Cash Equivalent	19	30	18	Other Financial Liabilities	40	78	82
Bank Balance other then above	6	14	8	Current tax liabilities (Net)	28	19	11
Loans	0	0	0	Provisions	0	0	4
Other Financial Assets	1	1	1	Other Current Liabilities	6	7	5
Other current asset	15	14	15	TOTAL EQUITY & LIABILITIES	706	790	755
TOTAL ASSETS	706	790	755				

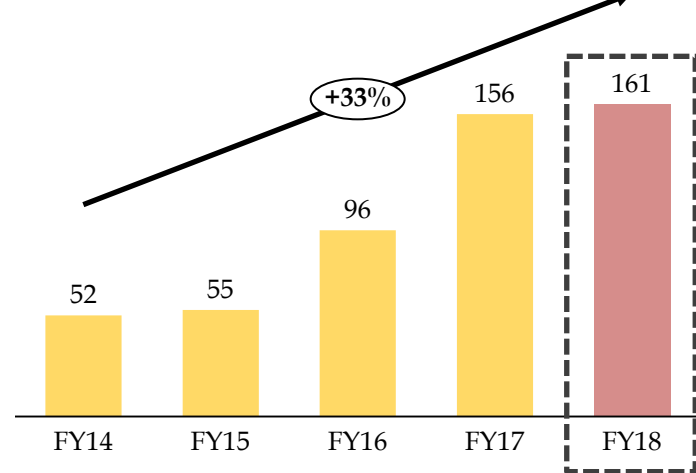


Growth over the Years

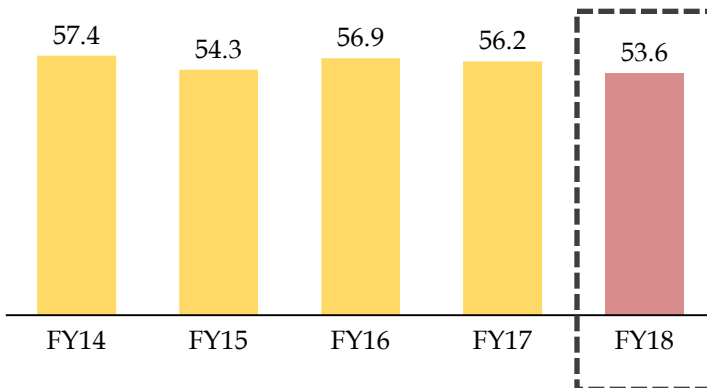
Revenue (Rs Crs)



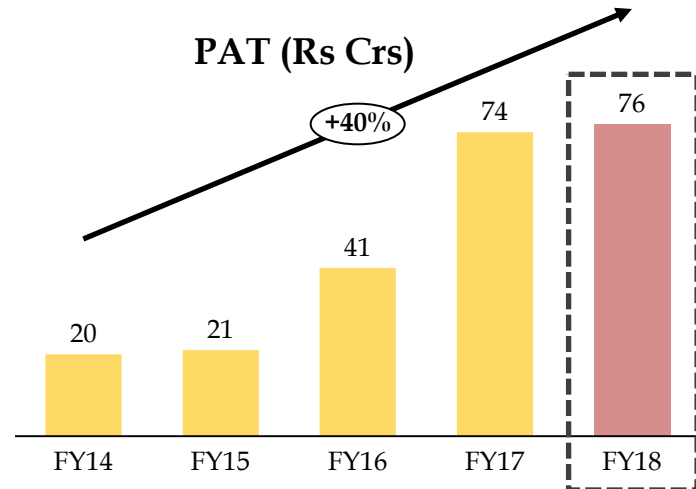
EBITDA (Rs Crs)



EBITDA Margin (%)



PAT (Rs Crs)



FY18 financials are as per IndAS



Historical Profit & Loss

Rs. Crs	FY13	FY14	FY15	FY16	FY17^	FY18^
Revenue	65	91	101	169	277	300
Direct Expenses	16	22	24	40	84	91
Employee Expenses	7	9	13	14	20	23
Other Expenses	6	7	9	18	17	26
EBITDA	36	52	55	96	156	161
<i>EBITDA Margin</i>	55.2%	57.4%	54.3%	56.9%	56.2%	53.6%
Other Income	2	1	1	1	9	7
Depreciation	10	12	12	20	34	39
EBIT	28	41	44	77	132	129
<i>EBIT Margin</i>	42.5%	45.5%	43.6%	45.3%	47.4%	42.9%
Finance costs	6	9	11	15	22	12
PBT	21	33	33	62	109	117
Tax	9	13	12	21	34	41
PAT	12	20	21	41	75	76
<i>PAT Margin</i>	18.7%	22.1%	21.0%	24.2%	27.1%	25.3%
Cash PAT*	22	32	33	61	109	115

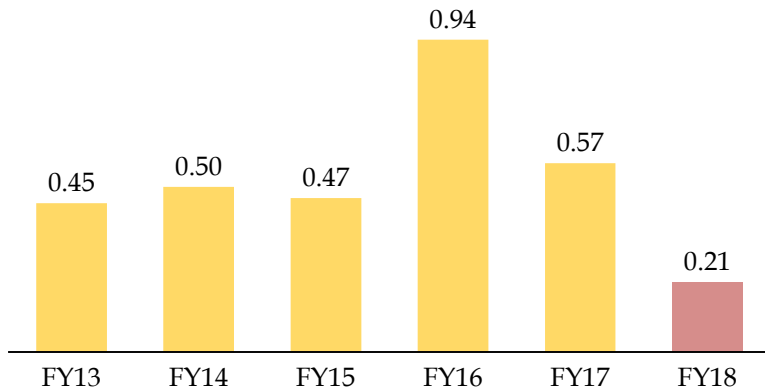
* Cash PAT=PAT+ Depreciation

^ As per IndAS

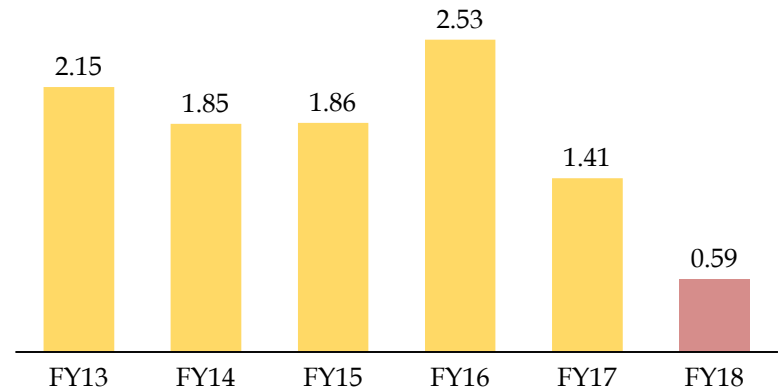


Strong Balance Sheet

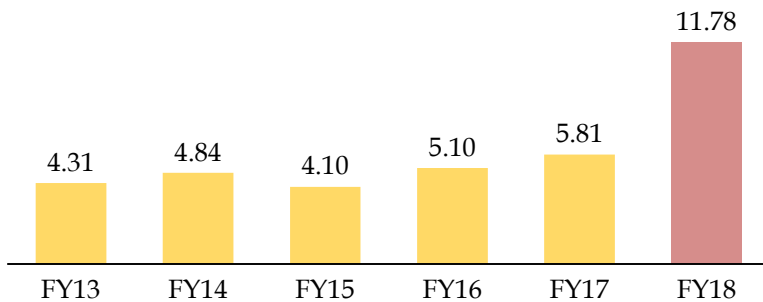
Net Debt/Equity



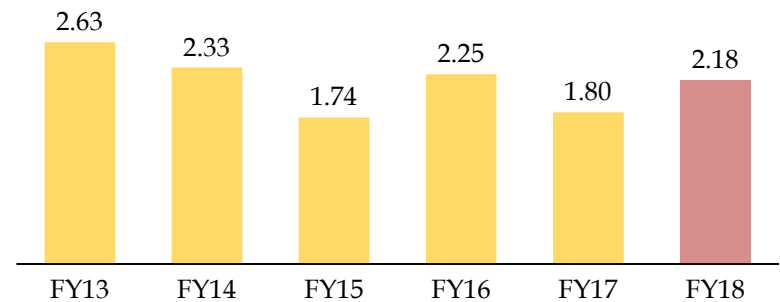
Net Debt/EBITDA



Interest Coverage Ratio



Debt Service Coverage Ratio



Recent Oil Ministry Decision a big Positive

A big BOOST to the Domestic Oil-Gas Services Industry in India

Specialized Services

For premium bids and specialised drilling and completion services, the required local content has been pegged at 10% for the first year, 15% in next two years and 20% in the fourth and fifth years

Local content preference

State run firms under petroleum ministry to implement program where local companies participation to be increased over the years across value chain

Purchase Preference

Manufacturers or service providers who meet the local content targets and whose quoted price is within 10% of lowest valid price bid, would be eligible for 10% purchase preference for a stipulated portion of the purchase order, on matching such price

Onshore Rigs

Onshore drilling or workover rigs will require 50% local content in the first year, 60% in next two years and 70% in the last two years



CBM + DSF – a huge opportunity for Service Providers



CBM - Free Pricing + Marketing

The CCEA has approved move for pricing and marketing freedom to give a fillip Small CBM Blocks



Increased Activity

CBM Activities to get a boost in terms of increased production thereby benefitting Service Providers



Award of Contract Areas under the Discovered Small Fields (DSF) 2016

The CCEA approved the award of 31 contract areas. The DSF bid round envisages a revenue-sharing model, with pricing and marketing freedom to the contractors. Under a unified licensing policy, contractors can explore any resource: oil, gas or shale



DSF to benefit outsourced Oil-Gas Service providers

The government expects to monetize 40 million tonnes of oil and 22 billion cubic metres (BCM) of gas reserves over 15 years through the awarding of contracts





About Us

Deep Industries



Focused on Deploying Fuel Efficient, latest Equipment in the Oil and GAS Industry with a Vision to become an Integrated Solution Provider with a focus on Domestic and International Market

- » Diversified Oil & Gas company with presence in Oil Field Services and Exploration & Production
- » More than 2 decades of experience in Oil & Gas with large clients in Public and Private space
- » Long term association with US based vendors providing competitive edge
- » 1st Mover advantage in Gas Compression and De-hydration segment in India
- » Technically sound team with vast experience in the industry
- » Credit ratings for Long Term Bank Facilities is "A-" and "A2+" for Short Term Bank Facilities by CARE Rating



Management Team



Mr. Paras Savla

Chairman & MD

First generation promoter with over 26 years experience in Oil & Gas industry



Mr. Rupesh Savla

Managing Director

MBA from Bentley College, USA, has over 22 years of experience in execution of projects in the oil and gas sector



Mr. Dharen Savla

Managing Director, Prabha Energy Pvt. Ltd. (PEPL)

MBA from Swinburne University, Australia, with over 14 years experience.
Is instrumental in managing business in Subsidiary company PEPL



Mr. Premsingh Sawhney

Director and CEO, Prabha Energy Pvt. Ltd.

Over 25 years of experience in exploration and development of conventional & unconventional hydro carbon resources. Past assignments include ONGC, Essar & RIL



Mr. Rohan Shah

CFO

Holds CA degree from The ICAI. He has about 11 years of experience of which he has been associated with our company for over 8 years



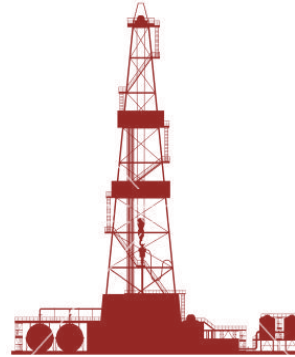
Well Diversified Portfolio

Gas Compression



One of the first Company in India to provide high pressure Natural Gas Compression Services on contractual basis

Workover & Drilling Rigs



One of the Key Player in India providing Onshore Workover and Drilling Rigs Services

Gas Dehydration



One of the first Company in India to provide Natural Gas Dehydration Services on contractual basis

Exploration & Production



Oil & Gas Exploration & Production from conventional and unconventional resources in India and Indonesia



Long Term Client Relationships



...a testimony of our capabilities





Services Business

Customized Solution Provider in Oil & Gas Value Chain

Gas Compression

Workover & Drilling Rigs

Gas Dehydration

01

Customised End to End solutions on turnkey basis
Equipment + Installation + O&M

End use/Application

Gas Gathering Stations, Gas Lift, Gas Power Plants, National Grids and LNG Terminals

02

Solution provider for Drilling and Workover jobs

End use/Application

Oil Producers

03

First mover in Onshore Gas Dehydration Business

End use/Application

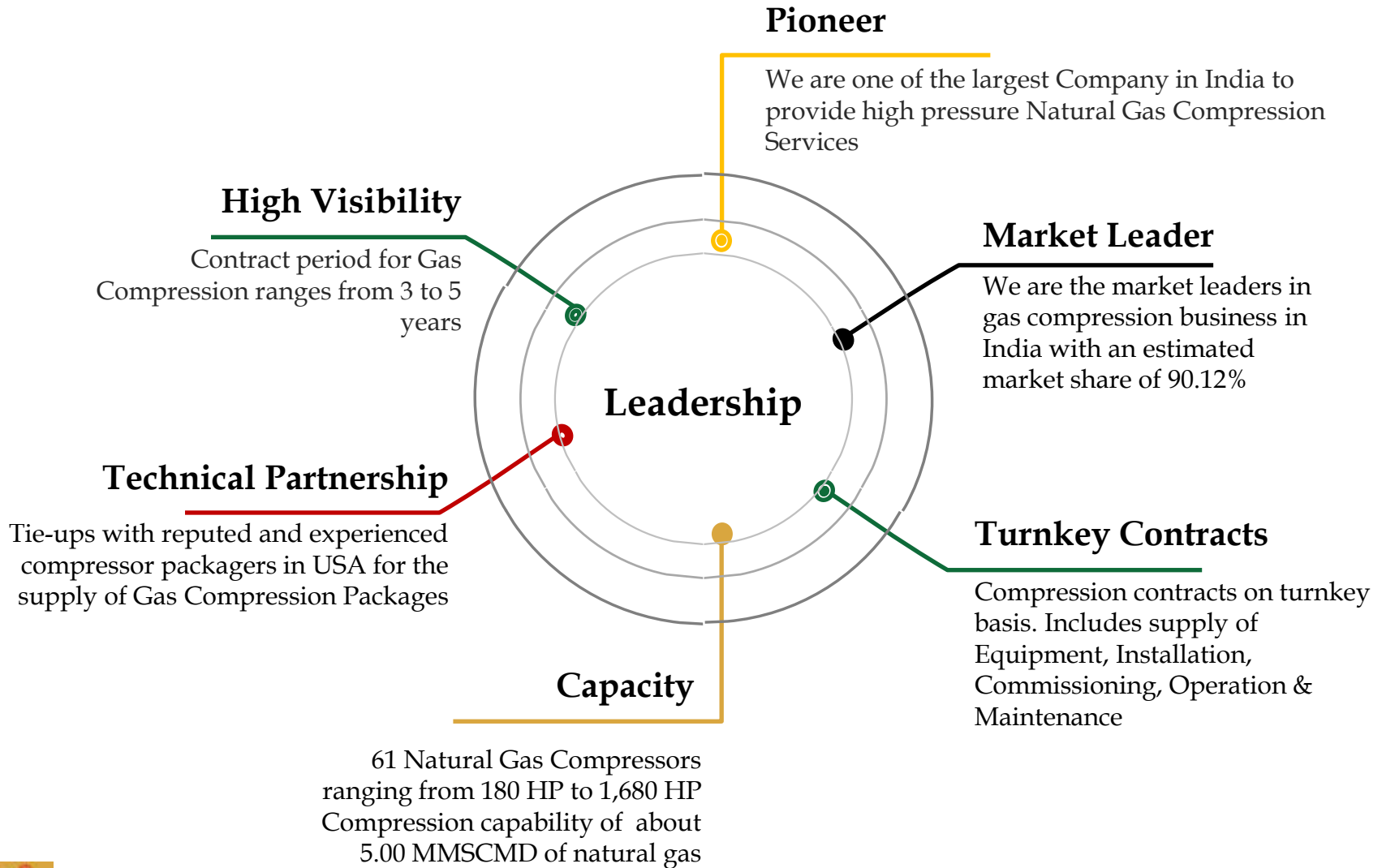
Onshore Exploration Companies



Gas Compression Division



Leadership in Gas Compression Business...



...In A Growing Market with Varied Applications...



Gas Transportation

Reduce Loss of Evaporation

Due to heat entering the cryogenic tank during storage and transportation, a part of the LNG in the tank continuously evaporates creating a gas called Boil-Off Gas (BOG). We compress the said Natural Gas to ensure recovery of same.



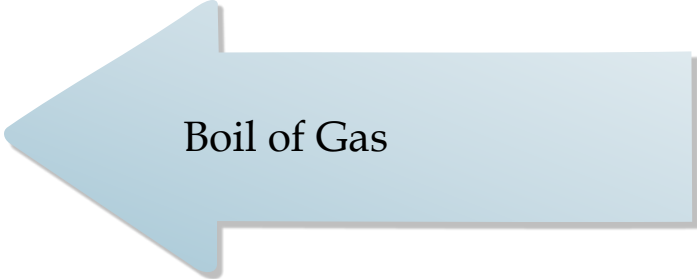
Artificial Gas Lift

Power Generation

In gas-turbine power plants, Natural Gas is used as fuel to drive turbines. These turbines are in turn connected to generators which actually produce the electricity. Gas Compression is used to boost pressure of Natural Gas which is used as fuel.

Distribution

During transportation of Gas through pipeline, there is pressure loss. Compression of Natural Gas is required to boost the pressure to ensure that Natural Gas flows through pipeline



Boil of Gas

Enhanced Oil Recovery

Artificial gas lift is used so that Oil production from Well can be enhanced. Can be used in mature, depleted fields, where the reservoir can no longer produce under its natural energy. Gas compression is used to inject gas into Wells.



Gas Based Power Plant



...With High Entry Barriers

Technical Expertise

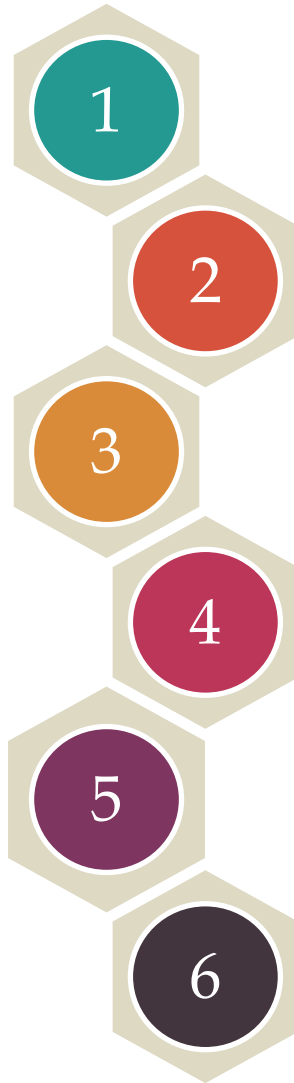
Skilled engineers are required to install, mobilize and operate equipments

Capex

Capex required is high due to nature of equipments and size of projects. Most of our equipments have achieved breakeven ensuring us a favorable position than relatively newer entrants

High Quality Equipments

Our fleet of equipments are sourced through tie-ups in USA thereby reducing commissioning timelines. Equipments are designed as per international standards



Customization

Expertise and Technical tie ups enables us to provide customized solutions in quickest possible timelines

Penalties

Delay in installation, lower than contractual output result in high penalties

Long term Relationships

Strong and consistent track record of efficient execution leads to long term relationships with customers



Rigs Division



Capitalising on Technology & Innovation

Leading Solution provider for Coring, Air Drilling, Work over and Drilling Rig Services to Oil & Gas companies in India

Assets & Capacities

- Owns & Operates 9 Workover Rigs with capacity ranging from 30T to 100T, 2 Drilling Rig with capacity of 1000Hp & 1 coring Rig.

Clients

- Successfully served long term contracts with PSUs since last decade

Capabilities

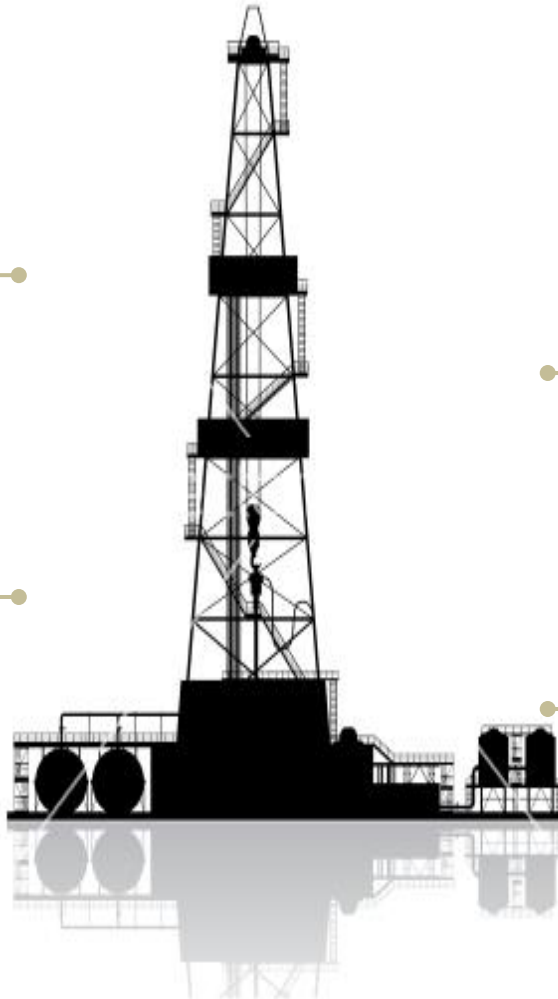
- Build a diversified team which has required skill set to carry out planning and execution of large size project.

Expertise

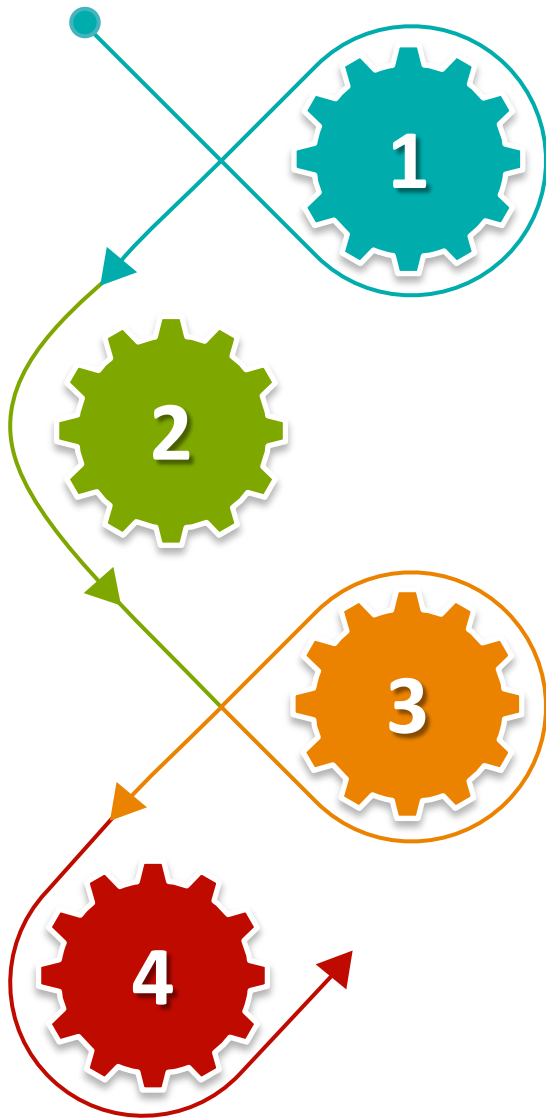
- Provided complete solutions related to Exploration & Production of hydrocarbons
- Developed cost effective solutions which result in substantial savings to Clients

Focus

- Focus will be to expand in Onshore Drilling Business as there is a significant opportunity in the Industry.



Growth Drivers



Government's Energy Push

India has a stated policy of increasing energy reserves where the PSU's contribute significantly.

Onshore Drilling Opportunity

Investments in Onshore drilling is low compared to offshore

Benign Raw Material Prices

Low crude prices, soft metal prices and availability of skilled labor improves margin profile significantly

Low Competition

Competition is low with the exit of few key players making the segment an attractive play for serious long term contenders



Gas Dehydration Division



Leveraging Technical Capabilities to Grab Opportunities

Blast at the GAIL site increased scrutiny on the processes followed by the producers and transporters of Gas and resulted in regulations being made more stringent

This necessitated Gas Producers to get a dehydration units installed at the site before selling Gas through pipeline, as needed by the stricter implementation of regulations

We are one of the first companies in India who qualifies to provide Gas Dehydration on charter hire basis.

Contracts for installation units

ONGC Rajahmundry :

Phase I - 5 sites for 1.6 MMSCMD has been commissioned

Phase II - 4 sites for 1.5 MMSCMD has been commissioned

ONGC Agartala - 2 sites for 1 MMSCMD has been commissioned



Immense Opportunity due to Government Regulation

Most of the Onshore Assets do not have dehydration plant in place giving us tremendous opportunity for growth in this space

Mandatory

Government has made it mandatory to have the Gas Dehydrated before they can be inserted to the Gas pipelines

Faster Implementation

Time taken from award to Implementation is faster due to our Technical Qualification, Expertise and Tie-ups

Outsourcing Benefits

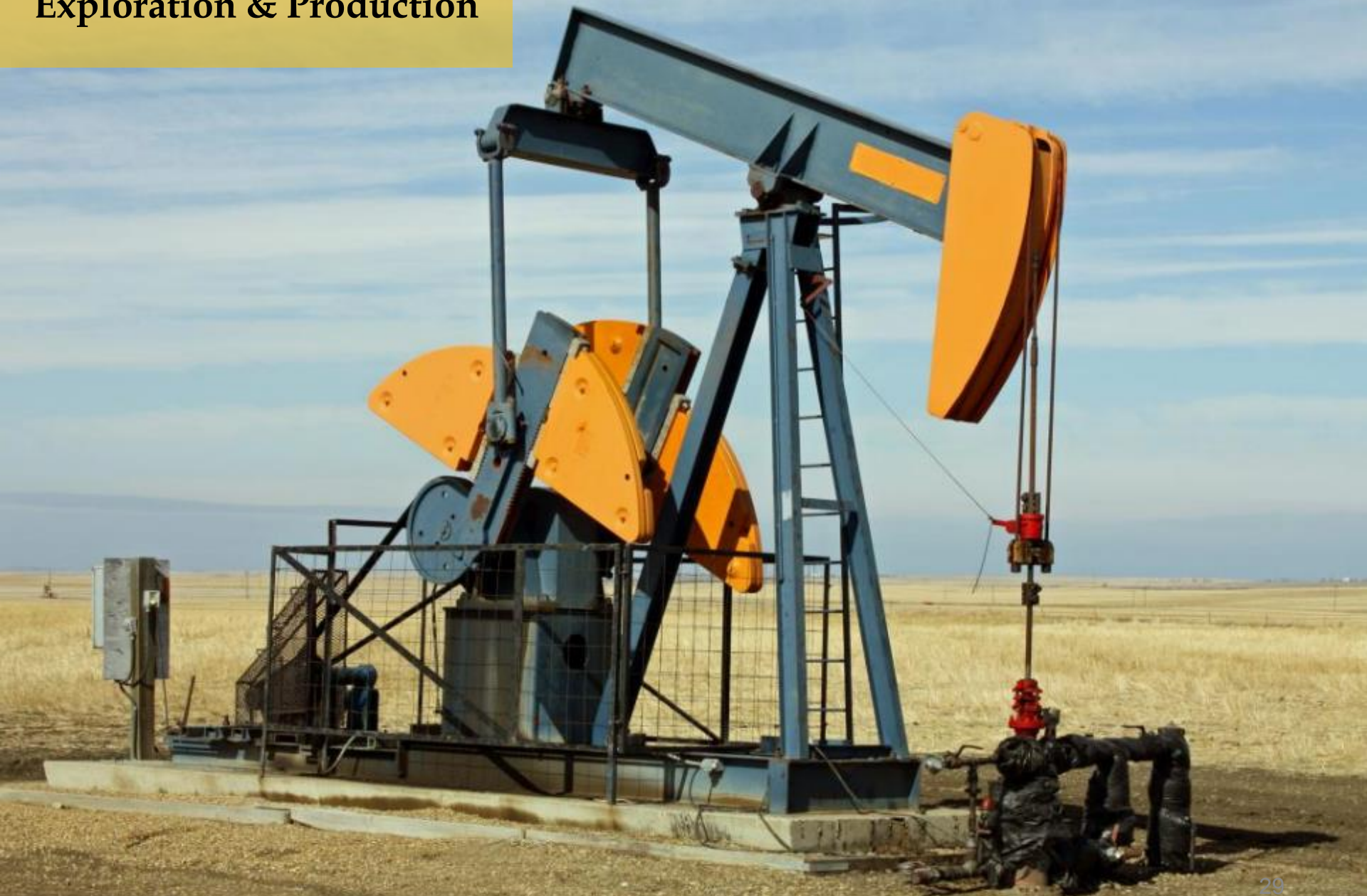
Clients can outsource the activity to the Private sector, with the expertise, and focus on their Core Business

Industry Potential

The immediate potential at present state to Dehydrate Gas is estimated to be additional ~10 MMSCMD



Exploration & Production

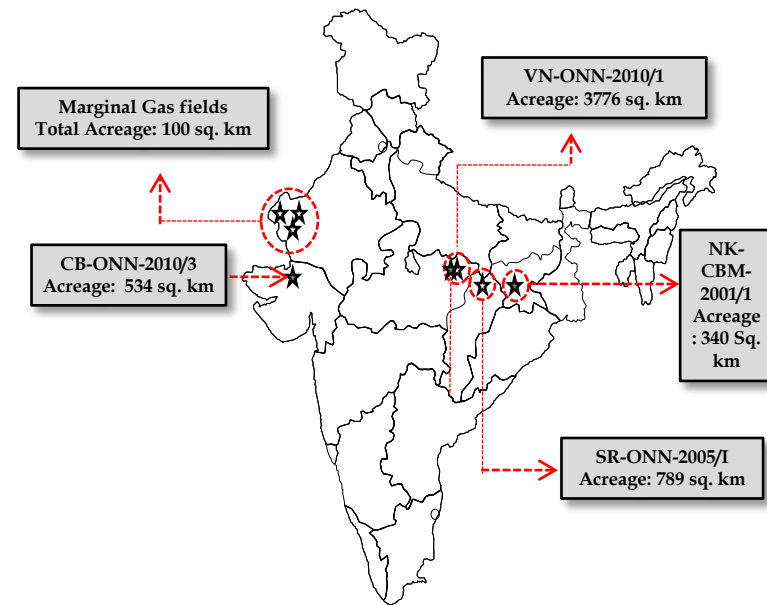


Exploration & Production Portfolio

Diversified into Oil & Gas exploration in 2006-07 seeing the opportunity in the space and unconventional energy being the future and thus is in the league of producers, service providers and technology providers

Out of 7 blocks - 4 blocks are in development phase and rest in exploration phase. These include 1 CBM block acquired by our subsidiary company

The total acreage operated by the company is over 5,539 sq km.



Total Acreage holding:

Reservoir Type	Total
Oil & Gas	5,199 sq. km
CBM	340 sq. km





Business Potential

Growing Market Potential



Gas Compression

In 2005, India natural gas compression services market was valued at USD 88.51 Mn and this is projected to reach USD 139.29 Mn by 2021



Gas Dehydration

Government has made it mandatory to have the Gas dehydrated before they can be inserted to the gas pipelines

We are one of the first companies to enter the gas dehydration services business



Workover & Drilling Rigs

There lies a vacuum in onshore rigs business with few experienced players exiting the market
The Company has been aggressively growing its Rigs business

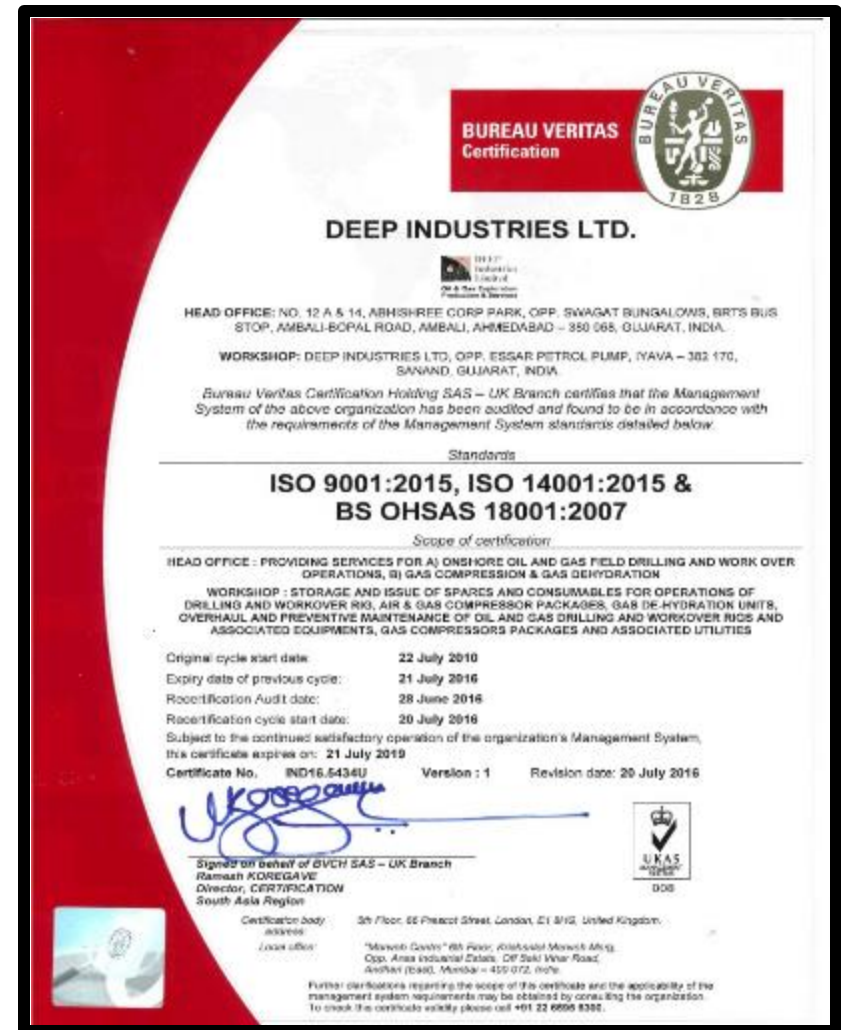
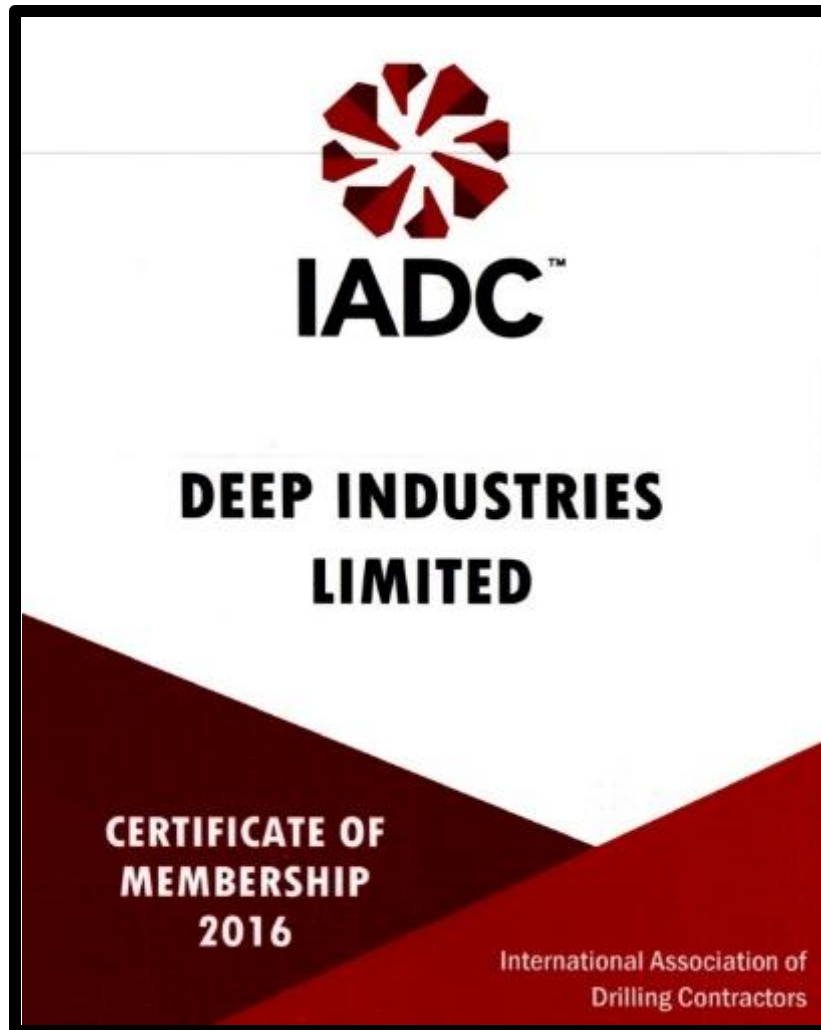


Exploration and Production

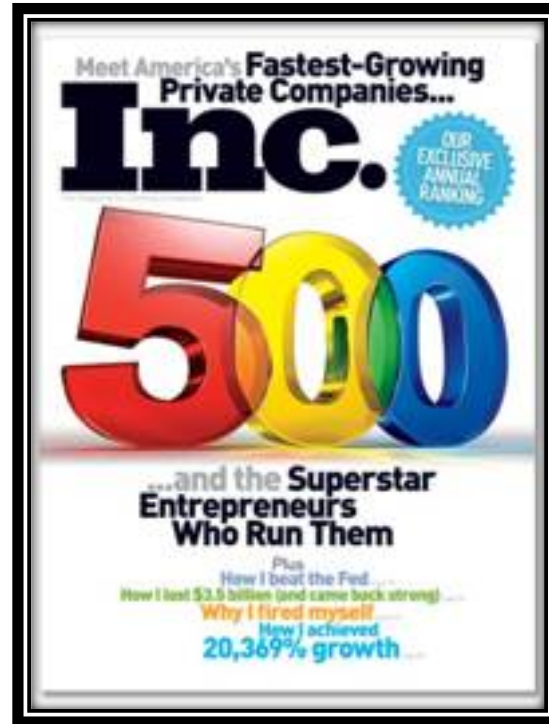
The North Karanpura CBM block which has been awarded to our subsidiary, PEPL, is in the development phase and , as per our expectation gas production will start in the 2 years.



Certificates....



... And Accolades





Corporate Social Responsibility

Socially Responsible Corporate – “Smart Class” Initiative (1/2)

Deep Industries Ltd. undertook an initiative to install Smart Classes in 100 schools with a view to enable holistic development of students through the use of modern technology. This facility has already been installed in 35 schools



The graphic features a cartoon boy with glasses and a yellow laptop, surrounded by icons of technology and communication. The background is teal, and the bottom section is yellow. The text 'Smart Student' is prominently displayed in white on the teal background. Below this, the text 'SUPPORTED BY' and 'NGO PARTNER' are shown in black. The logo for DEEP Industries Limited, an oil and gas company, is on the left, and the logo for YUVA UNSTOPPABLE, an NGO, is on the right.

Smart Student

SUPPORTED BY

DEEP Industries Limited
Oil & Gas Exploration
Production & Services

NGO PARTNER

YUVA
UNSTOPPABLE



Socially Responsible Corporate – “Smart Class” Initiative (2/2)



For further information, please contact:

Company :

Deep Industries Ltd

CIN: L63090GJ1991PLC014833

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www.deepindustries.com

Investor Relations Advisors :

Strategic Growth Advisors Pvt. Ltd.

CIN: U74140MH2010PTC204285

Mr. Shogun Jain / Mr. Pratik R. Shah

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