

**DEEP  
Industries  
Limited**

**Oil & Gas Exploration  
Production & Services**

**August 4, 2017**

To,  
Corporate Relations Department  
**Bombay Stock Exchange Limited**  
2<sup>nd</sup> 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 - 1st Quarter ended on 30th June, 2017.**

With Reference to regulation 30 of SEBI (LODR) Regulation, 2015, please find herewith attached presentation made on financial results of the company for the 1st quarter ended on 30-06-2017.

Please take note of the same.

Thanking You.

Yours faithfully,

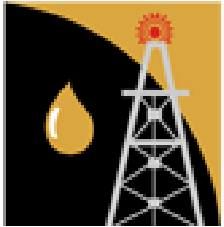
**For, DEEP INDUSTRIES LIMITED**

  
**Akshit Soni**  
Company Secretary



**Registered Office:**  
12A & 14 Abhishree Corporate Park, Ambli Bopal Road, Ambli, Ahmedabad-380058  
Gujarat, India. Tel # 02717 298510, +91 98256 00533 | Fax # 02717 298520  
Email: [info@deepindustries.com](mailto:info@deepindustries.com) | Website: <http://www.deepindustries.com>  
CIN : L63090GJ1991PLC014833





# **DEEP Industries Limited**

**Investor Presentation – August 2017**

# Safe Harbor



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## Performance Snapshot



# Standalone Profit & Loss



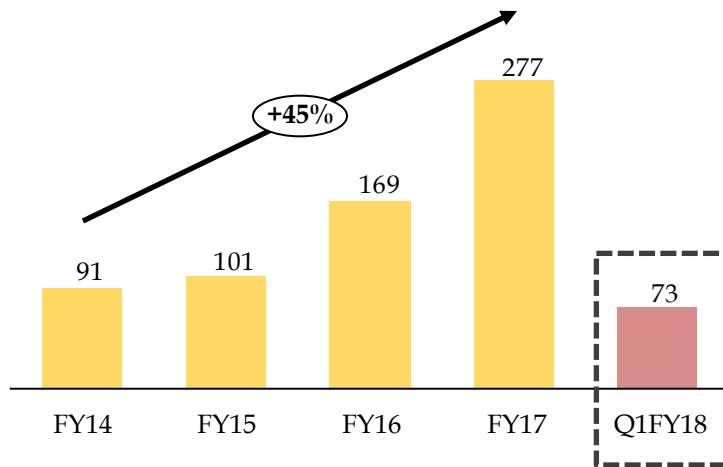
Rs. Cr	Q1FY18	Q1Y17	YoY	FY17	FY16	YoY
<b>Revenue</b>	<b>73</b>	<b>64</b>	<b>13.5%</b>	<b>277</b>	<b>169</b>	<b>64.0%</b>
Direct Expenses	20	20		84	40	
Employee Expenses	5	4		20	14	
Other Expenses	5	3		17	18	
<b>EBITDA</b>	<b>43</b>	<b>37</b>	<b>16.5%</b>	<b>156</b>	<b>96</b>	<b>61.7%</b>
<i>EBITDA Margin</i>	58.5%	57.0%		56.1%	56.9%	
Other Income	1	0		8	1	
Depreciation	10	7		34	20	
<b>EBIT</b>	<b>35</b>	<b>30</b>	<b>14.6%</b>	<b>130</b>	<b>77</b>	<b>69.9%</b>
<i>EBIT Margin</i>	47.2%	46.8%		47.0%	45.3%	
Finance costs	2	7		22	15	
<b>PBT</b>	<b>32</b>	<b>24</b>	<b>37.1%</b>	<b>108</b>	<b>62</b>	<b>75.3%</b>
Tax	11	7		34	21	
<b>PAT</b>	<b>21</b>	<b>16</b>	<b>29.1%</b>	<b>74</b>	<b>41</b>	<b>80.8%</b>
<i>PAT Margin</i>	28.8%	25.3%		26.7%	24.2%	
<b>Cash PAT</b>	<b>31</b>	<b>23</b>	<b>32.2%</b>	<b>108</b>	<b>61</b>	<b>75.2%</b>

Cash PAT=PAT+ Depreciation

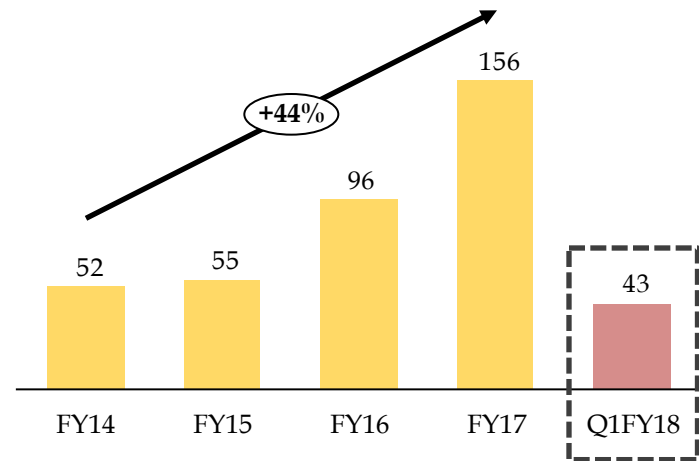
# Growth over the Years



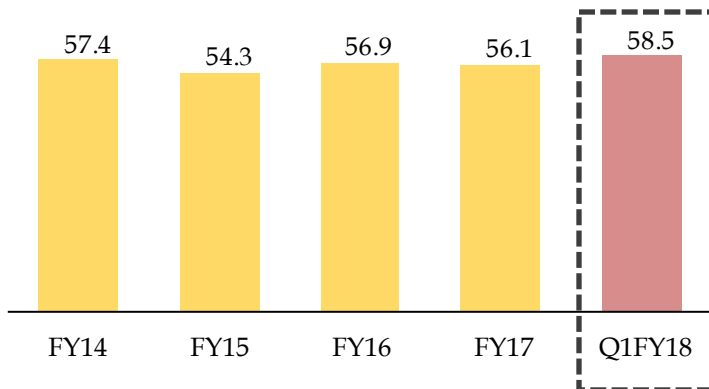
### Revenue (Rs Crs)



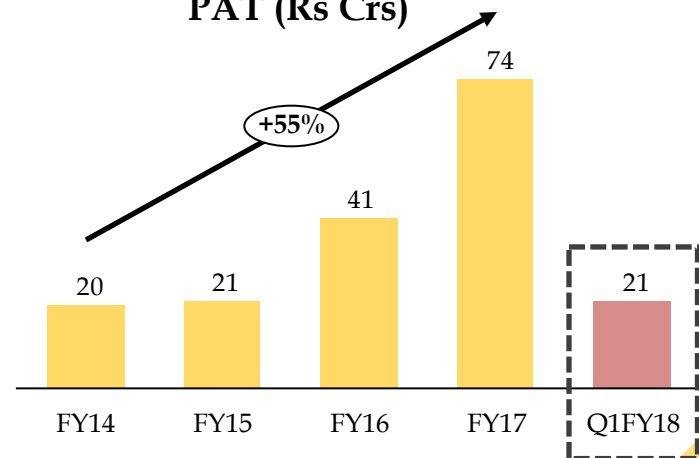
### EBITDA (Rs Crs)



### EBITDA Margin (%)



### PAT (Rs Crs)



# Standalone Balance Sheet



Rs. Cr	Mar-17	Mar-16
<b>Shareholders Fund</b>	<b>378</b>	<b>258</b>
Share Capital	32	18
Share Suspense Account	-	11
Reserves & Surplus	346	229
<b>Total Non Current Liabilities</b>	<b>226</b>	<b>225</b>
Long Term Borrowings	177	186
Deferred Tax liabilities	47	37
Other Long Term Liabilities	2	2
<b>Total Current Liabilities</b>	<b>148</b>	<b>141</b>
Short Term Borrowings	95	78
Trade Payables	10	15
Other Current Liabilities	1	31
Short term provision	42	17
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>753</b>	<b>624</b>

Rs. Cr	Mar-17	Mar-16
<b>Total Non Current Assets</b>	<b>585</b>	<b>489</b>
Fixed Assets	564	476
Non Current Investments	19	13
Long term loans & advances	2	0
Other Non Current assets	-	-
<b>Total Current Assets</b>	<b>168</b>	<b>134</b>
Current Investment	27	4
Inventories	11	6
Trade Receivables	66	56
Cash & Cash Equivalents	25	17
Short Term loans & Advances	36	49
Other current asset	3	3
<b>TOTAL ASSETS</b>	<b>753</b>	<b>624</b>



# Historical Profit & Loss



Rs. Cr	FY13	FY14	FY15	FY16	FY17
Revenue	65	91	101	169	277
Direct Expenses	16	22	24	40	84
Employee Expenses	7	9	13	14	20
Other Expenses	6	7	9	18	17
<b>EBITDA</b>	<b>36</b>	<b>52</b>	<b>55</b>	<b>96</b>	<b>156</b>
<i>EBITDA Margin</i>	55.2%	57.4%	54.3%	56.9%	56.1%
Other Income	2	1	1	1	8
Depreciation	10	12	12	20	34
<b>EBIT</b>	<b>28</b>	<b>41</b>	<b>44</b>	<b>77</b>	<b>130</b>
<i>EBIT Margin</i>	42.5%	45.5%	43.6%	45.3%	47.0%
Finance costs	6	9	11	15	22
<b>PBT</b>	<b>21</b>	<b>33</b>	<b>33</b>	<b>62</b>	<b>108</b>
Tax	9	13	12	21	34
<b>PAT</b>	<b>12</b>	<b>20</b>	<b>21</b>	<b>41</b>	<b>74</b>
<i>PAT Margin</i>	18.7%	22.1%	21.0%	24.2%	26.7%
<b>Cash PAT</b>	<b>22</b>	<b>32</b>	<b>33</b>	<b>61</b>	<b>108</b>

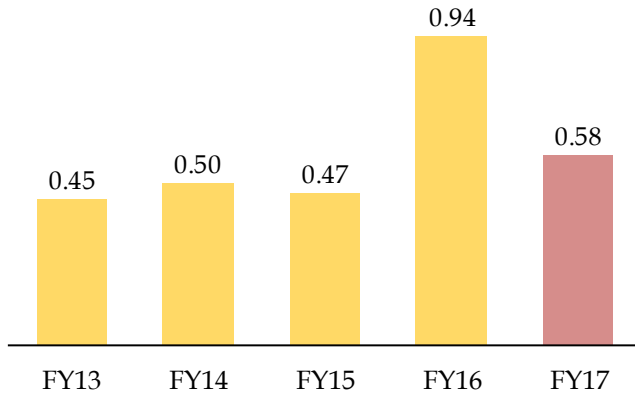
Cash PAT=PAT+ Depreciation



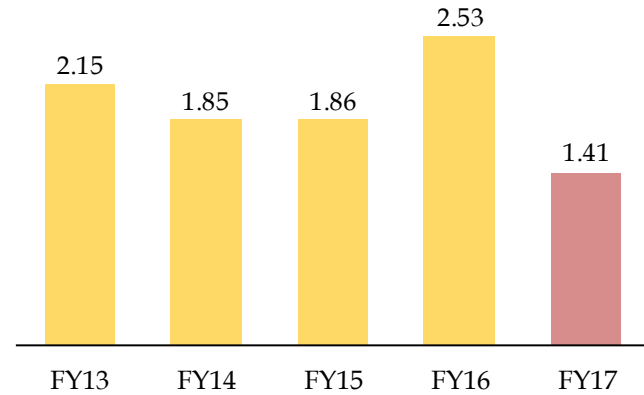
# Strong Balance Sheet



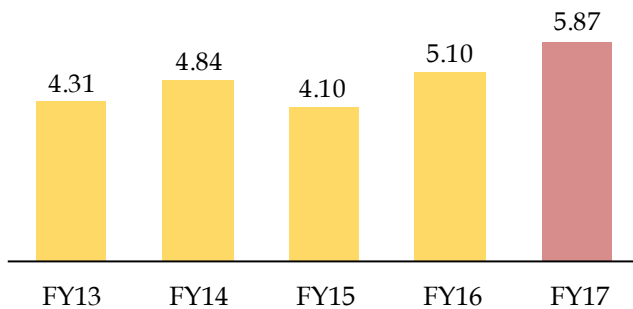
### Net Debt/Equity



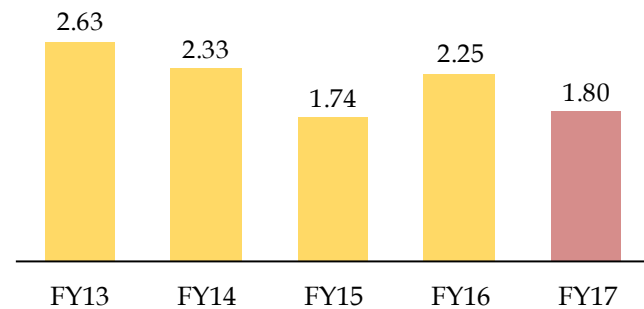
### Net Debt/EBITDA



### Interest Coverage Ratio



### Debt Service Coverage Ratio



# Recent Oil Ministry Decision a big +ve



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

## 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

## 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

## 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

## 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

# CBM + DSF – a huge opportunity for Service Providers



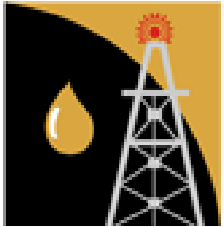
CBM Activities to get a boost in terms of increased production thereby benefitting Service Providers

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



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

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



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
- » Recently Credit ratings upgraded to "A" and "A1" for Long term and Short Term Bank Facilities by CARE Rating

# Management Team



**Paras Savla**  
Chairman & MD

First generation promoter with over 21 years experience in Oil & Gas industry.



**Rupesh Savla**  
Managing Director

MBA from Bentley College, USA, has over 18 years of experience in execution of projects in the oil and gas sector



**Dharen Savla**  
Executive Director

MBA from Swinburne University of Technology, Australia with over 14 years experience, is instrumental in the Work Over Rig and Drilling Rig Activities



**Preamsingh Sawhney**  
Director.  
ED & CEO for PEPL

Over 20 years of experience in exploration and development of conventional & unconventional hydro carbon resources. Past assignments include ONGC, Essar & Reliance Industries



**Rohan Shah**  
CFO

Holds CA degree from The Institute of Chartered Accounts of India. He has about 11 years of work experience of which he has been associated with our company for over 7 years .

# Well Diversified Portfolio



## Gas Compression

01

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

## Workover & Drilling Rigs

02

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

## Gas Dehydration

03

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

## Exploration & Production

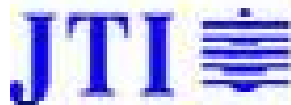
04

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

## Service Business



# Long Term Client Relationships



...a testimony of our capabilities



Service Business



# Customized Solution Provider in Oil & Gas Value Chain



## Gas Compression

## Workover & Drilling Rigs

## Gas Dehydration



# Gas Compression Division





# Leadership in Gas Compression Business...



## Pioneer

We are one of the largest Company in India to provide high pressure Natural Gas Compression Services

## High Visibility

Contract period for Gas Compression ranges from 3 to 5 years

## Market Leader

We are the market leaders in gas compression business in India with an estimated market share of 90.12%

## Technology Tie-Ups

Tie-ups with reputed and experienced compressor packagers in USA for the supply of Gas Compression Packages

## Turnkey Contracts

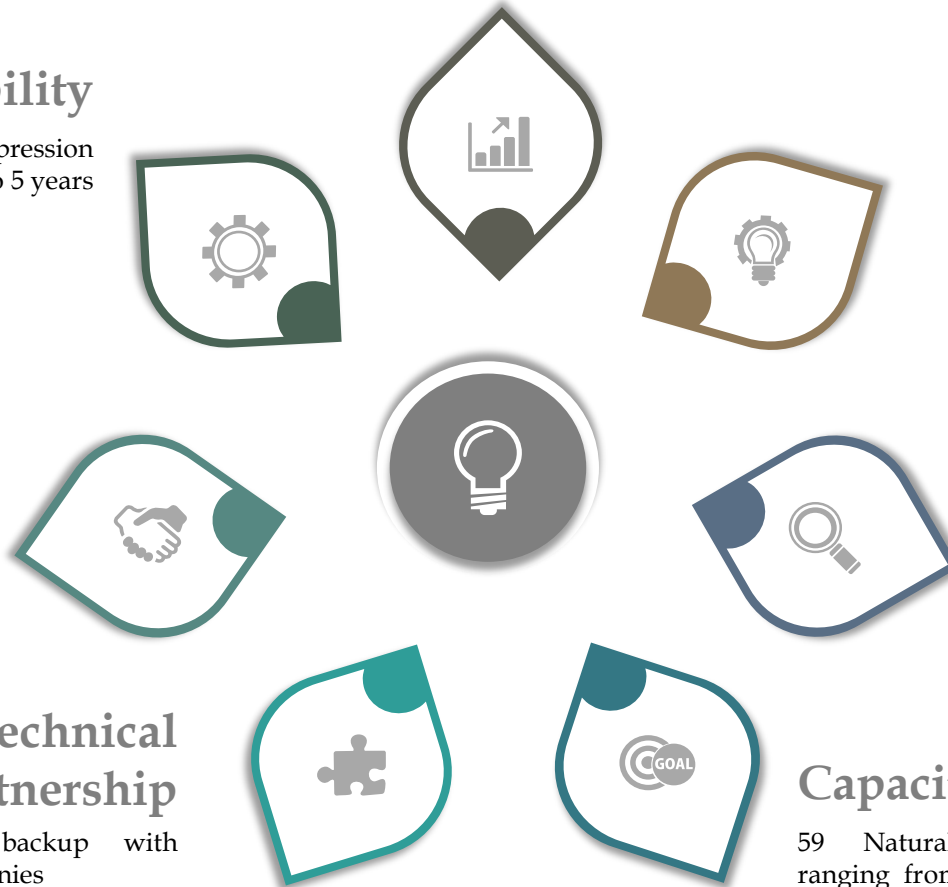
Compression contracts on turnkey basis. Includes supply of Equipment, Installation, Commissioning, Operation & Maintenance

## Technical Partnership

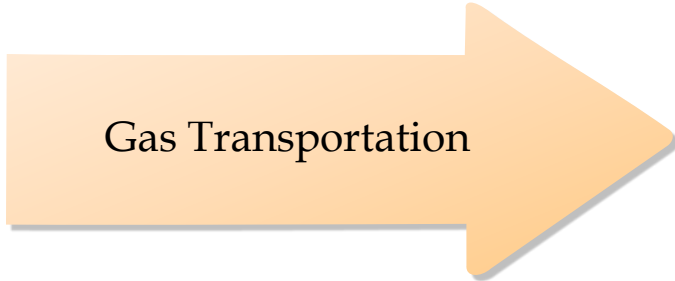
Active technical backup with International Companies

## Capacity

59 Natural Gas Compressors ranging from 180 HP to 1,680 HP  
Compression capability of about 5.00 MMSCMD of natural gas



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

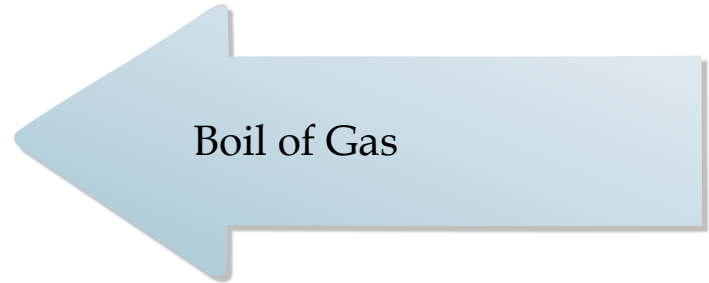


## Distribution

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

## 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.

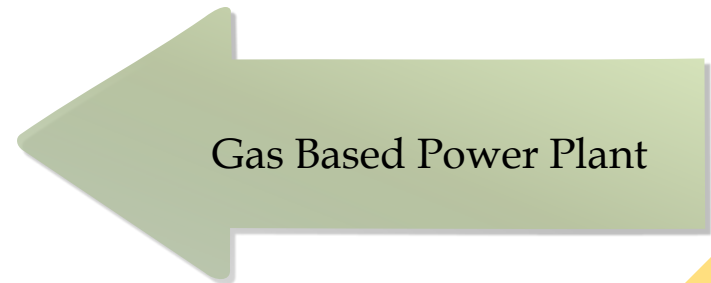


## Enhanced Oil Recovery

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.

## 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.



# ...With High Entry Barriers



## Technical Expertise

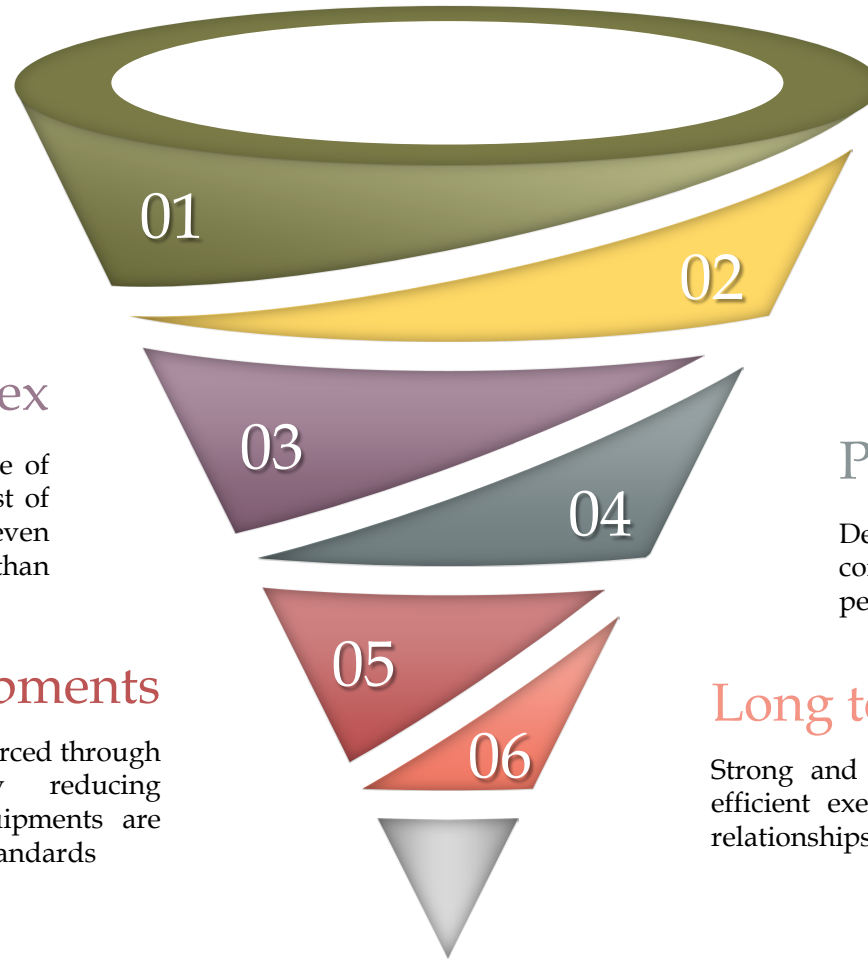
Skilled engineers are required to install, mobilize and operate equipments

## 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

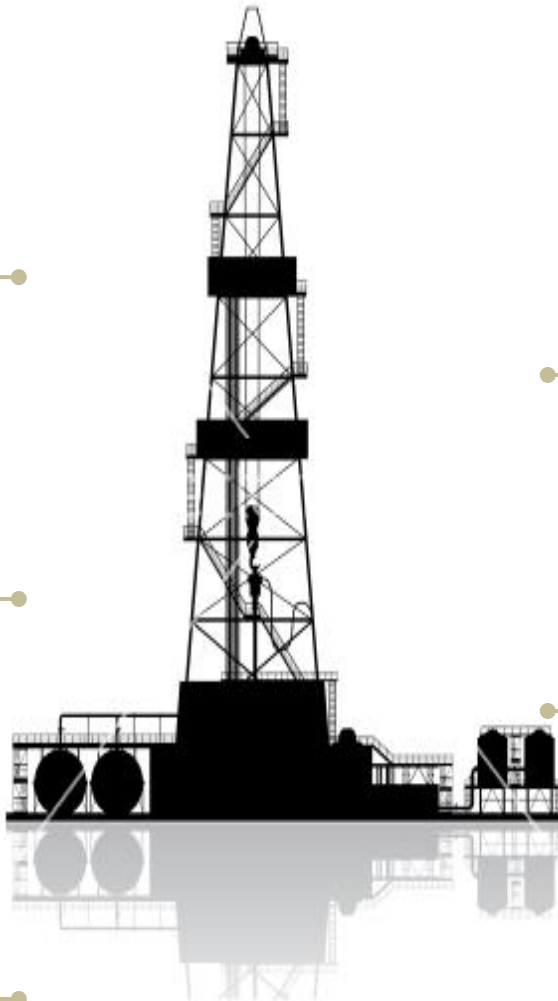
- Build a diversified team which has required skill set to carry out planning and execution of large size project.

### Expertise

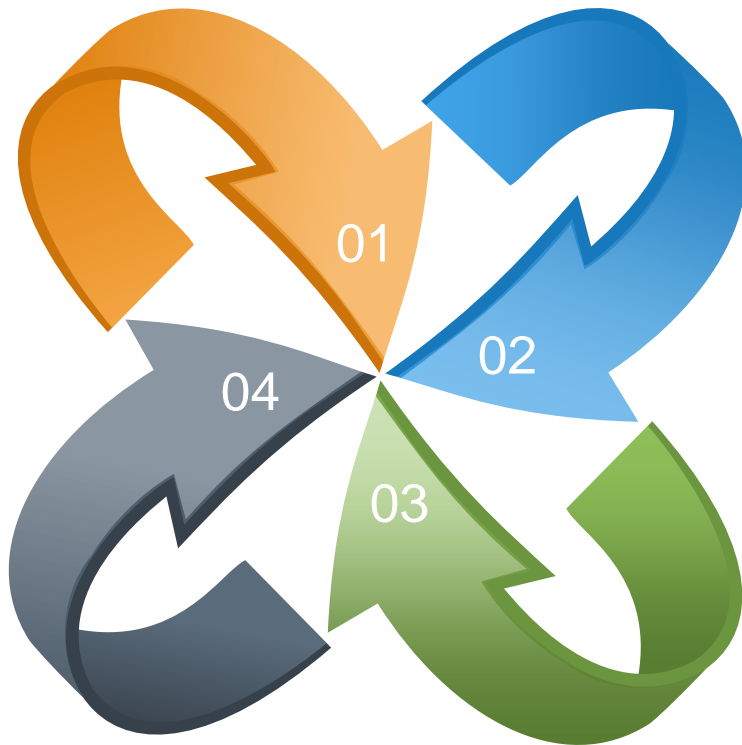
- Provided complete solutions related to Exploration & Production of hydrocarbons
- Developed cost effective solutions which result in substantial savings to Clients

### 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

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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

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

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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

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# 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





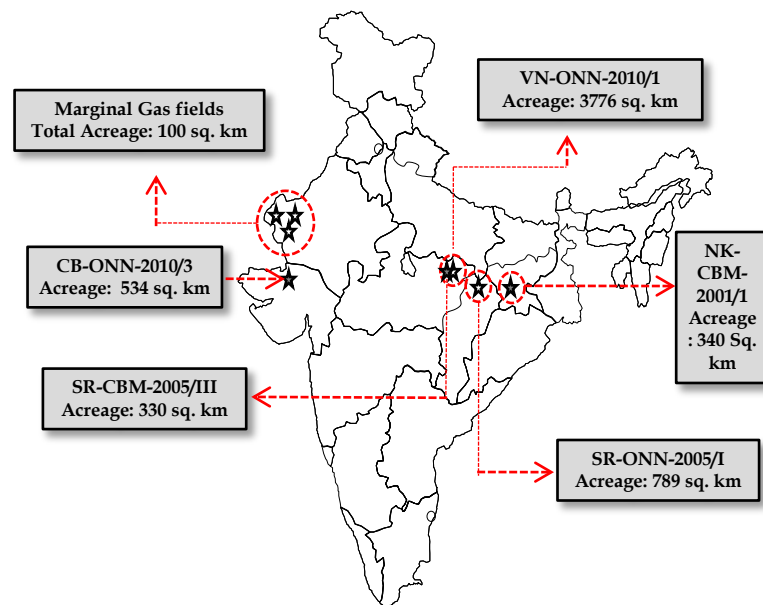
# Exploration & Production Portfolio



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 9 blocks - 4 blocks are in development phase, 1 block in appraisal 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 6,865 sq km.



## Total Acreage holding:

Reservoir Type	India	Indonesia	Total
Oil & Gas	5,199 sq. km	-	5,199 sq. km
CBM	670 sq. km	996 sq. km	1,666 sq. km



Business Potential

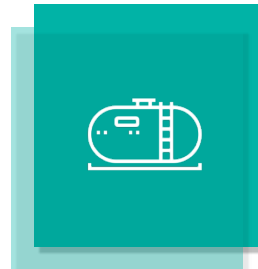


# Growing Market Potential



## 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



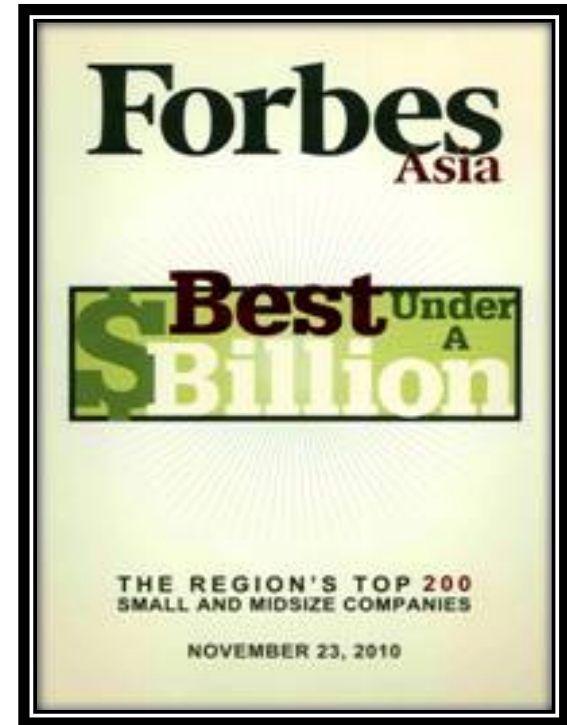
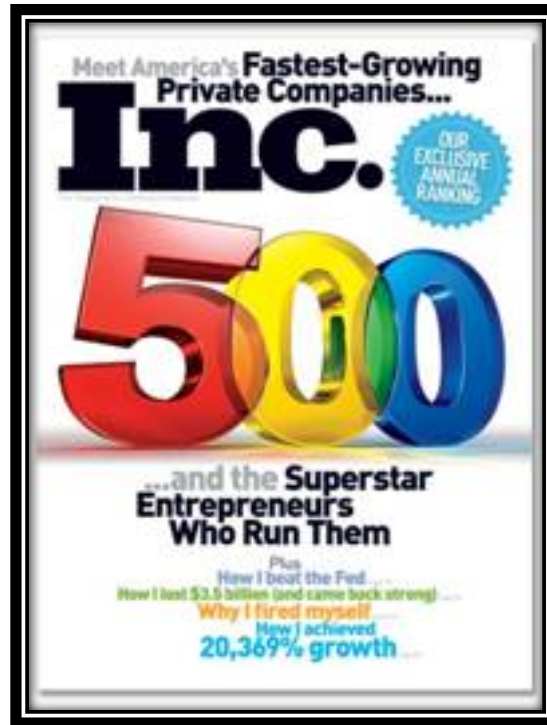
## Exploration and Production

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





For further information, please contact:

**Company :**

**Deep Industries Ltd**

CIN: L63090GJ1991PLC014833

Mr. Rohan Shah, CFO

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[www.deepindustries.com](http://www.deepindustries.com)

**Investor Relations Advisors :**

**Strategic Growth Advisors Pvt. Ltd.**

CIN: U74140MH2010PTC204285

Mr. Shogun Jain / Mr. Pratik R. Shah

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