



# **DEEP INDUSTRIES LIMITED**

**Oil and Gas  
Exploration and Services**



**21st Annual Report  
2010-2011**



## DEEP INDUSTRIES LIMITED

### 21<sup>st</sup> Annual Report 2010-11

#### BOARD OF DIRECTORS

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

#### BANKERS

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

#### AUDITORS

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

#### SHARE TRANSFER AGENT

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

#### REGISTERED OFFICE

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

#### CORPORATE OFFICE

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

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## NOTICE

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

### ORDINARY BUSINESS:

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

**Date:** 06.08.2011

**Registered Office:**

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

By Order of Board of Directors

**PARAS SAVLA**

Chairman & Managing Director

### NOTES:

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



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

**Date:** 06.08.2011

**Registered Office:**

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

By Order of Board of Directors

**PARAS SAVLA**

Chairman & Managing Director

**Details of Directors seeking re-appointment at the Annual General Meeting**

( in pursuance of clause 49 of the Listing Agreement )

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



## DIRECTORS REPORT

To  
The Members  
Deep Industries Limited,  
Ahmedabad.

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

### FINANCIAL RESULTS:

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

### DIVIDEND

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

### MANAGEMENT DISCUSSION AND ANALYSIS

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

### CORPORATE GOVERNANCE

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

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



## DIRECTORS

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

## DIRECTORS RESPONSIBILITY STATEMENT

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

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

## SUBSIDIARY COMPANY:

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

## CONSOLIDATED FINANCIAL STATEMENTS

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

## AUDITORS

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

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

## INSURANCE

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

## PARTICULARS OF EMPLOYEES

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

## CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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



#### FOREIGN EXCHANGE EARNING AND EXPENDITURES

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

( Rs. in Lacs )		
Particulars	2010-11	2009-10
Earnings	Nil	Nil
Outgo	1058.39	602.92

#### DEMAT ESCROW A/C

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

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

#### ACKNOWLEDGEMENTS

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

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

**Date:** 02.06.2011

**Registered Office:**

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

For and on behalf of the Board Of Directors.

**PARAS SAVLA**  
Chairman & Managing Director



## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

### CEO/CFO Certificate

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

### BOARD OF DIRECTORS

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

#### Composition and Category of Directors

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

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

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

### AUDIT COMMITTEE

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

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

- Supervision of the Companies Financial Reporting process.





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

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

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

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

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

## INVESTORS GRIEVANCES COMMITTEE

### Composition

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

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

### Terms of Reference

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

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

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

## REMUNERATION COMMITTEE

### Composition

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

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



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

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

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

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

### **ROUTINE TRANSACTION COMMITTEE**

#### **Composition**

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

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

#### **Terms of Reference**

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

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

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

### **GENERAL BODY MEETING**

Details of last three Annual General Meetings:

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

### **NOTE ON DIRECTORS APPOINTMENT/RE-APPOINTMENT**

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

### **Disclosures**

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