

**Independent Auditor's Report****To the Members of Deep Industries limited****Report on the Standalone Financial Statements****Opinion**

We have audited the accompanying standalone financial statements of Deep Industries Limited ("the Company"), which comprises of the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including other comprehensive income), the statement of cash flows for the year, statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.



## Emphasis of Matter

This audit report has been issued in respect of financial statements of the company for the financial year ended on 31 March 2020 prepared by the management after giving effect to the Scheme of Arrangement under section 230 to 232 of the Companies Act, 2013 between the company and Deep CH4 Limited. The appointed date of the Scheme of Arrangement is 1<sup>st</sup> April, 2017. We draw attention to the Note - 5 in the Notes to the financial statements regarding Scheme of Arrangement under section 230 to 232 of the Companies Act, 2013 between the company and Deep CH4 Limited. Our opinion is not modified in respect of this matter.

We further draw attention to Note - 4 of the Financial Statements, which describes the uncertainties and the impact of COVID – 19 pandemic on the Company's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter Description	Response to Key Audit Matter
<p><b>A. Demerger of Oil and Gas Services undertaking pursuant to Scheme of Arrangement (The Scheme)</b></p> <p>The Scheme approved by the Hon'ble National Company law Tribunal, is a significant transaction for the year which materially impacts the Balance Sheet as at the year-end.</p> <p>Refer Note - 5 of the financial statements for details of the transaction and the accounting treatment thereof.</p>	<p>Our audit procedures comprised of the following:</p> <p>➤ Evaluated and tested controls with respect to:</p> <ul style="list-style-type: none"><li>• Management's assessment of the accounting treatment of the said transaction in terms of the Indian Accounting Standards, compliance with tax laws and other statutes/regulations, as applicable.</li><li>• Identification and allocation of assets and liabilities.</li></ul>



	<p>➤ Substantive testing procedures included:</p> <ul style="list-style-type: none"> <li>• Involvement of tax specialists to assess the reasonableness of the management's position on tax implications.</li> <li>• Verifying accounting of the transaction in accordance with the approved Scheme and testing the related disclosures in the financial statements.</li> </ul>
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### **Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.



## **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we



are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether standalone the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact, wherever necessary, of pending litigations on its financial position in its standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



- h. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **Dhirubhai Shah & Co LLP**  
Chartered Accountants  
Firm's registration number: 102511W/W100298

*Harish B. Patel*

**Harish B Patel**  
Partner  
Membership number: 014427  
UDIN: 20014427AAABLX7527



Place: Ahmedabad  
Date: 30<sup>th</sup> July 2020

## **Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March 2020, we report that:

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
b. The Company has a regular program of physical verification of its fixed assets. In accordance with this program, fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.  
  
c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As explained to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. Discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, and therefore, the provisions of clauses (iii)(a) & (iii)(b) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits covered by the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- (vi) In our opinion and according to the information and explanations given to us and based on books of account, maintenance of cost records under section 148(1) of the Companies Act, 2013 is not applicable to the company and hence paragraph 3(vi) of the Order is not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, Goods and Service Tax and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, in our opinion no undisputed amounts payable in respect of statutory dues including Provident Fund, Employees' State





Insurance, Income Tax, Value Added Tax, Central Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, Goods and Service Tax and other statutory dues applicable to it were in arrears as at the balance sheet date for a period of more than six months from the date they became payable.

(b) According to information and explanations given to us and records of the company examined by us, there are no dues of wealth tax, sales tax, duty of customs, duty of excise, value added tax, goods and service tax and cess etc. which have not been deposited on account of dispute. However, particulars of the dues as at March, 2020 which have not been deposited on account of dispute, are as follow:

Name of Statute	Nature of Dues	Amount (Rs. Lakhs)	Related Period	Forum where the dispute is pending
Finance Act, 1994	Service Tax	96.36	FY 2006-07 to 2011-12	CESTAT, Ahmedabad
Finance Act, 1994	Service Tax	51.97	FY 2012-13 to 30-09-2014	CESTAT, Ahmedabad
Finance Act, 1994	Service Tax	1.70	FY 2009-10	CESTAT, Ahmedabad
Income Tax Act, 1961	Income Tax	6.14	FY 2013-14	CIT(A)
Income Tax Act, 1961	Income-Tax	46.81	F Y 2015-16	CIT (A)
Income Tax Act, 1961	Income-Tax	2.29	F Y 2016-17	CIT (A)

- (viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution, banks, Government or debenture holder during the year.
- (ix) In our opinion and according to the information and explanation given to us, the term loans were applied for the purposes for which loans were raised.
- (x) Based upon the audit procedures performed and according to the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.



- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone financial statements as required by the applicable Ind AS.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment of shares during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **Dhirubhai Shah & Co LLP**

Chartered Accountants

Firm's registration number: 102511W/W100298



**Harish B Patel**

Partner

Membership number: 014427



Place: Ahmedabad

Date: 30<sup>th</sup> July 2020

## **Annexure - B to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Deep Industries Limited ("the Company") as of 31<sup>st</sup> March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Dhirubhai Shah & Co LLP

Chartered Accountants

Firm's registration number: 102511W/W100298



Harish B Patel

Partner

Membership number: 014427



Place: Ahmedabad

Date: 30<sup>th</sup> July 2020

**DEEP INDUSTRIES LIMITED**  
**STATEMENT OF ASSETS AND LIABILITIES AS AT 31st MARCH, 2020**

ASSETS	Note No.	As at 31-03-2020 Rs. In Lakhs	As at 31-03-2019 Rs. In Lakhs
<b>NON-CURRENT ASSETS</b>			
(a) Property, Plant and Equipment	6	152.49	159.43
(b) Capital Work in Progress	6	1,189.58	1,189.58
(c) Intangible Assets	6	31,852.56	31,852.56
(d) Financial Assets			
(i) Investments	7	4,861.54	1,861.54
(ii) Others		-	-
(e) Other Non-Current Assets		-	-
		<b>38,056.17</b>	<b>35,063.12</b>
<b>CURRENT ASSETS</b>			
(a) Inventories		-	-
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade Receivables		-	-
(iii) Cash and Cash Equivalents	8	-	3,000.00
(iv) Bank balances other than above (ii)	9	6.99	7.49
(v) Loans		-	-
(vi) Others	10	0.49	0.31
(c) Other Current Assets	11	127.01	83.96
		<b>134.49</b>	<b>3,091.75</b>
<b>TOTAL ASSETS</b>		<b>38,190.67</b>	<b>38,154.88</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	12	3,200.00	3,200.00
(b) Other Equity	13	34,955.01	34,910.56
		<b>38,155.01</b>	<b>38,110.56</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Others		-	-
(b) Deferred Tax Liabilities (Net)	14	29.63	33.96
(c) Provision		-	-
		<b>29.63</b>	<b>33.96</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Trade Payables			
- Dues to Micro & Small Enterprises		-	-
- Dues to Other than Micro & Small Enterprises		-	-
(iii) Others	15	4.49	4.99
(b) Other Current Liabilities	16	1.54	0.47
(c) Provisions		-	-
(d) Current Tax Liabilities (Net)	17	-	4.91
		<b>6.03</b>	<b>10.37</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>38,190.67</b>	<b>38,154.88</b>

Corporate Information, Basis of Preparation & Significant Accounting Policies 1-5

The accompanying notes 1 to 27 are an integral part of the Standalone Financial Statements

"As per our report of even date attached"

For DHIRUBHAI SHAH & CO LLP  
Chartered Accountants  
Firm Registration Number: 102511W / W100708

*Harish B. Patel*

Harish B. Patel  
Partner  
Membership Number: 014427  
Place: AHMEDABAD  
Dated : 30/07/2020



ON BEHALF OF THE BOARD OF DIRECTORS

*Paras Savla*  
Paras Savla  
Chairman & Managing Director  
DIN : 00145639

*Rohan Shah*  
Rohan Shah  
(Chief Financial Officer)  
Place: AHMEDABAD  
Dated : 30/07/2020

*Rupesh Savla*  
Rupesh Savla  
Managing Director  
DIN : 00126303

*Ashmit Soni*  
Ashmit Soni  
Company Secretary

**DEEP INDUSTRIES LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2020**

	Note No.	2019-20 Rs. In Lakhs	2018-19 Rs. In Lakhs
<b>INCOME</b>			
Revenue from operations		-	-
Other income	18	0.18	29.92
<b>TOTAL INCOME</b>		<b>0.18</b>	<b>29.92</b>
<b>EXPENSES</b>			
Operating Expense		-	-
Employee benefits expense		-	-
Finance Costs	19	0.82	0.20
Depreciation and amortization expenses	6	6.94	6.94
Other expenses		-	-
<b>TOTAL EXPENSES</b>		<b>7.76</b>	<b>7.14</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>(7.59)</b>	<b>22.78</b>
Exceptional items (net)		-	-
<b>Profit/(Loss) before tax</b>		<b>(7.59)</b>	<b>22.78</b>
Tax items			
Current tax		-	4.91
Earlier years tax provisions (written back)		-47.71	-
Deferred tax liability/(asset)		-4.33	1.24
<b>Total tax items</b>		<b>-52.04</b>	<b>6.15</b>
<b>Profit/(Loss) for the year</b>		<b>44.45</b>	<b>16.63</b>
<b>Other Comprehensive Income</b>			
Items that will not be re-classified to Profit or Loss			
Re-measurement gains/ (losses) on post employment benefit plans		-	-
Items that will be re-classified to Profit or Loss			
Re-measurement gains/ (losses) on fair valuation of financial instruments		-	-
<b>Other Comprehensive Income/ (Loss) for the year</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income/ (Loss) for the year</b>		<b>44.45</b>	<b>16.63</b>
<b>Net profit / (loss) attributable to:</b>			
Owners		44.45	16.63
Non-controlling interest		-	-
<b>Other comprehensive income / (loss) attributable to:</b>			
Owners		-	-
Non-controlling interest		-	-
<b>Total comprehensive income / (loss) attributable to:</b>			
Owners		44.45	16.63
Non-controlling interest		-	-
<b>Earnings Per Equity Share (Basic and Diluted)</b>	20	<b>0.14</b>	<b>0.05</b>

Corporate Information, Basis of Preparation & Significant Accounting Policies 1-5

The accompanying notes 1 to 27 are an integral part of the Standalone Financial Statements

"As per our report of even date attached"

ON BEHALF OF THE BOARD OF DIRECTORS

For DHIRUBHAI SHAH & CO LLP

Chartered Accountants

Firm Registration Number: 102511W / W100298

*Harish B. Patel*

Harish B. Patel

Partner

Membership Number: 014427

Place: AHMEDABAD

Dated : 30/07/2020



*Paras Savla*

Paras Savla  
Chairman & Managing  
Director

DIN : 00145639

*Rohan Shah*

ROHAN SHAH  
(Chief Financial Officer)

Place: AHMEDABAD

Dated : 30/07/2020

*Rupesh Savla*

Rupesh Savla  
Managing Director

DIN : 00126303

*Akshit Soni*

AKSHIT SONI  
Company Secretary

## DEEP INDUSTRIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2020

	2019-20 Rs. In Lakhs	2018-19 Rs. In Lakhs
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) Before Tax	(7.59)	22.78
Adjustments for:		
Depreciation and amortization	6.94	6.94
Interest and finance charges	0.82	0.20
Interest income	(0.18)	(0.18)
(Gain)/Loss on fixed assets sold/ discarded (net)	-	-
(Gain)/Loss on investments sold/ discarded (net)	-	(28.81)
Net unrealized (gain)/loss on foreign currency transaction and translation (relating to other heads)	-	-
Others	-	(0.93)
<b>Operating Profit before Working Capital Changes</b>	<b>0.00</b>	<b>0.00</b>
Adjustments for changes in working capital :		
(Increase)/decrease in trade receivables, loans & advances and other assets	(0.43)	(0.18)
(Increase)/decrease in inventories	-	-
Increase/(decrease) in trade payables, other liabilities and provisions	1.07	0.20
<b>Cash Generated from Operations</b>	<b>0.64</b>	<b>0.02</b>
Income taxes paid	-	(100.00)
<b>Net Cashflow from Operating Activities</b>	<b>0.64</b>	<b>(99.98)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	-
Additions in capital work in progress	-	-
Proceeds from sale of fixed assets	-	2,889.59
Purchase of Investments	(3,000.00)	-
Sale of Investment	-	-
Proceeds from Fixed Deposits	-	-
Interest received	0.18	0.18
<b>Net Cashflow from Investing Activities</b>	<b>(2,999.82)</b>	<b>2,889.77</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/Payment from Secured Loans	-	-
Dividend Payment and Dividend Distribution Tax	-	-
Interest and finance charges	(0.82)	(0.20)
<b>Net Cashflow from Financing Activities</b>	<b>(0.82)</b>	<b>(0.20)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(3,000.00)</b>	<b>2,789.59</b>
<b>Cash and bank balances at the beginning of the year</b>	<b>3,000.00</b>	<b>210.41</b>
<b>Cash and bank balances at the end of the year</b>	<b>-</b>	<b>3,000.00</b>



**NOTES:**

- 1) The above cash flow statement has been prepared as per the "Indirect method" set out in the Indian Accounting Standard (Ind AS) - 7 Statement of Cash Flows
- 2) Figures in bracket indicate cash outflow.
- 3) Previous year figures have been regrouped and recast wherever necessary to confirm to current year's classification.

**Cash and cash equivalents at the end of the year consist of cash on hand, cheques, draft on hand and balance with banks as follows:**

DETAIL OF CASH AND CASH EQUIVALENTS	As at 31-03-2020 Rs. In Lakhs	As at 31-03-2019 Rs. In Lakhs
Balances with banks		
In current accounts	-	3,000.00
In deposits with original maturity of less than 3 months	-	-
In Escrow Accounts	-	-
Cash on hand	-	-
	-	3,000.00

"As per our report of even date attached"

**For DHIRUBHAI SHAH & CO LLP**

Chartered Accountants

Firm Registration Number: 102511W/W100298

*Harish B. Patel*

**Harish B. Patel**

Partner

Membership Number: 014427

Place: AHMEDABAD

Dated : 30/07/2020



**ON BEHALF OF THE BOARD OF DIRECTORS**

*Paras Savla*

**Paras Savla**

Chairman & Managing  
Director

DIN : 00145639

*Rupesh Savla*

**Rupesh Savla**

Managing Director

DIN : 00126303

*Rohan Shah*

**Rohan Shah**

(Chief Financial Officer)

Place: AHMEDABAD

Dated : 30/07/2020

*Akshit Soni*

**Akshit Soni**

Company Secretary



**DEEP INDUSTRIES LIMITED**
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2020**
**(A) EQUITY SHARE CAPITAL**

For the year ended 31st March, 2020

(Rs. In Lakhs)		
Balance as at 1st April, 2019	Changes during the year	Balance as at 31st March, 2020
3,200.00	-	3,200.00

For the year ended 31st March, 2019

(Rs. In Lakhs)		
Balance as at 1st April, 2018	Changes during the year	Balance as at 31st March, 2019
3,200.00	-	3,200.00

**(A) OTHER EQUITY**

For the year ended 31st March, 2020

Particulars						Total Equity
	Capital Reserve	General Reserve	Security premium account	Retained Earnings	FVOCI Reserve	
Balance as at 1st April, 2019	412.48	980.36	13,872.88	19,644.84	-	34,910.56
Profit/(Loss) for the year	-	-	-	44.45	-	44.45
Proposed Dividend and Dividend Distribution Tax thereon	-	-	-	-	-	-
Transfer from / to	-	-	-	-	-	-
Other Comprehensive income/(loss) for the year	-	-	-	-	-	-
Remeasurements gain/(loss) on defined benefit plans	-	-	-	-	-	-
<b>Balance as at 31st March, 2020</b>	<b>412.48</b>	<b>980.36</b>	<b>13,872.88</b>	<b>19,689.29</b>	<b>-</b>	<b>34,955.01</b>

For the year ended 31st March, 2019

Particulars						Total Equity
	Capital Reserve	General Reserve	Security premium account	Retained Earnings	FVOCI Reserve	
Balance as at 1st April, 2018	412.48	980.36	13,872.88	19,628.22	-	34,893.94
Profit/(Loss) for the year	-	-	-	16.62	-	16.62
Addition/(Deletion) during the year	-	-	-	-	-	-
Proposed Dividend and Dividend Distribution Tax thereon	-	-	-	-	-	-
Other Comprehensive income/(loss) for the year	-	-	-	-	-	-
Remeasurements gain/(loss) on defined benefit plans	-	-	-	-	-	-
<b>Balance as at 31st March, 2019</b>	<b>412.48</b>	<b>980.36</b>	<b>13,872.88</b>	<b>19,644.84</b>	<b>-</b>	<b>34,910.56</b>

"As per our report of even date attached"

**For DHIRUBHAI SHAH & CO LLP**

Chartered Accountants

Firm Registration Number: 102511W/W100298

**Harish B. Patel**

Partner

Membership Number: 014427

Place: AHMEDABAD

Dated : 30/07/2020


**ON BEHALF OF THE BOARD OF DIRECTORS**
  
**Paras Savla**  
 Chairman & Managing Director

DIN : 00145639

  
**Rohan Shah**  
 (Chief Financial Officer)

Place: AHMEDABAD

Dated : 30/07/2020

  
**Rupesh Savla**  
 Managing Director

DIN : 00126303

  
**Akshat Soni**  
 Company Secretary

**DEEP INDUSTRIES LIMITED**

**NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020**

	6 - PROPERTY, PLANT AND EQUIPMENT		(Rs. In Lakhs)	
	TANGIBLE ASSETS	INTANGIBLE ASSETS	CAPITAL WORK IN PROGRESS	
	Rigs	Total	Goodwill	Total
				Capital Work-in progress
<b>Cost:</b>				
As at 1st April, 2017	219.06	219.06	31,852.56	31,852.56
Additions	-	-	-	1,189.58
Disposals / transfers	-	-	-	-
As at 31st March, 2018	<b>219.06</b>	<b>219.06</b>	<b>31,852.56</b>	<b>31,852.56</b>
Additions	-	-	-	-
Disposals / transfers	-	-	-	-
As at 31st March, 2019	<b>219.06</b>	<b>219.06</b>	<b>31,852.56</b>	<b>31,852.56</b>
Additions	-	-	-	-
Disposals / transfers	-	-	-	-
As at 31st March, 2020	<b>219.06</b>	<b>219.06</b>	<b>31,852.56</b>	<b>31,852.56</b>
<b>Accumulated depreciation:</b>				
As at 1st April, 2017	45.73	45.73	-	-
Depreciation charged during the year	6.94	6.94	-	-
Disposals / transfers	-	-	-	-
As at 31st March, 2018	<b>52.68</b>	<b>52.68</b>	-	-
Depreciation charged during the year	6.94	6.94	-	-
Disposals / transfers	-	-	-	-
As at 31st March, 2019	<b>59.62</b>	<b>59.62</b>	-	-
Depreciation charged during the year	6.94	6.94	-	-
Disposals / transfers	-	-	-	-
As at 31st March, 2020	<b>66.57</b>	<b>66.57</b>	-	-
<b>Net book value</b>				
As at 1st April, 2017	173.32	173.32	31,852.56	31,852.56
As at 31st March, 2018	166.38	166.38	31,852.56	31,852.56
As at 31st March, 2019	<b>159.43</b>	<b>159.43</b>	<b>31,852.56</b>	<b>31,852.56</b>
As at 31st March, 2020	<b>152.49</b>	<b>152.49</b>	<b>31,852.56</b>	<b>31,852.56</b>



**DEEP INDUSTRIES LIMITED**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

	No. of Shares as on 31.03.2020	As at 31-03-2020 (Rs. In Lakhs)	No. of Shares as on 31.03.2019	As at 31-03-2019 (Rs. In Lakhs)
<b>7 - NON - CURRENT FINANCIAL ASSETS - INVESTMENTS</b>				
<b>Investments (Unquoted)</b>				
<b>(A) Investments at Cost</b>				
<b>(a) Investments in Equity Shares</b>				
<b>- Investment in Subsidiaries</b>				
90% share in Deep Energy LLC		12.41		12.41
70% share in Deep Natural Resources Ltd.	3,50,000	3.50	3,50,000	3.50
78% share in Prabha Energy Pvt. Ltd.	9,46,563	1,845.63	9,46,563	1,845.63
<b>(b) Investments in Preference Share</b>				
Prabha Energy Pvt Ltd		3,000.00		-
		<b>4,861.54</b>		<b>1,861.54</b>

	As at 31-03-2020 (Rs. In Lakhs)	As at 31-03-2019 (Rs. In Lakhs)
<b>8 - CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS</b>		
A) Balances with Banks		
- In Current Accounts	-	3,000.00
	-	<b>3,000.00</b>

	As at 31-03-2020 (Rs. In Lakhs)	As at 31-03-2019 (Rs. In Lakhs)
<b>9 - CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN ABOVE</b>		
A) Balances with Banks		
- Unpaid Dividend with HDFC Bank	4.49	4.99
	<b>4.49</b>	<b>4.99</b>
B) Others		
- Fixed Deposits held as Margin Money	2.51	2.51
	<b>2.51</b>	<b>2.51</b>
	<b>6.99</b>	<b>7.49</b>

	As at 31-03-2020 (Rs. In Lakhs)	As at 31-03-2019 (Rs. In Lakhs)
<b>10 - CURRENT - FINANCIAL ASSETS - OTHER</b>		
Accrued Bank Fixed Deposits Interest	0.49	0.31
	<b>0.49</b>	<b>0.31</b>

	As at 31-03-2020 (Rs. In Lakhs)	As at 31-03-2019 (Rs. In Lakhs)
<b>11- CURRENT ASSETS - OTHERS</b>		
<b>Unsecured, considered good, unless otherwise stated</b>		
Prepaid Expenses	0.30	0.05
Balance with Govt Authorities	-	-
-Advance Tax and TDS for Prior Years (Net of Provision)	126.71	83.90
	<b>127.01</b>	<b>83.96</b>



12 - EQUITY SHARE CAPITAL	As at 31-03-2020 (Rs. In Lakhs)	As at 31-03-2019 (Rs. In Lakhs)
<b>Authorised:</b>		
3,20,00,000 Equity Shares of Rs. 10 each	3,200.00	3,200.00
<b>Issued, Subscribed and paid-up:</b>		
3,20,00,000 Equity Shares of Rs. 10 each fully paid up	3,200.00	3,200.00
	<b>3,200.00</b>	<b>3,200.00</b>

**12.1 Reconciliation of number of Equity shares outstanding at the beginning & at the end of the reporting year**

Particulars (Equity Shares of Rs.10 Each Fully Paid up)	As at 31 March 2020		As at 31 March 2019	
	No of Shares	Value Rs.	No of Shares	Value Rs.
-- At the beginning of the year	3,20,00,000.00	3,200.00	3,20,00,000.00	3,200.00
-- Movement during the period	-	-	-	-
-- Outstanding at the end of the year	<b>3,20,00,000.00</b>	<b>3,200.00</b>	<b>3,20,00,000.00</b>	<b>3,200.00</b>

**12.2 Details of Equity Shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of the Shareholders (Equity Shares of Rs.10 Each Fully Paid up)	As at 31st March, 2020		As at 31st March, 2019	
	No. of Share held	% of Holding	No. of Share held	% of Holding
RUPESH SAVLA FAMILY TRUST	1,00,76,908	31.49%	1,00,76,908	31.49%
SHANTILAL SAVLA FAMILY TRUST	40,62,576	12.70%	35,68,474	11.15%
PRITI PARAS SAVLA	20,58,822	6.43%	20,52,625	6.41%
DHAREN SHANTILAL SAVLA	20,58,822	6.43%	20,58,822	6.43%
	<b>1,82,57,128</b>		<b>1,77,56,829</b>	

**12.3** The Company has only one class of equity shares having a par value of Rs. 10 per share, each shareholder is eligible for one vote per share. The Company declares and pays dividend in Indian Rupees.

**12.4** In the event of liquidation, the Equity Shareholders are eligible to receive the remaining Assets of the company after Distribution of all Preferential amount, in proportion to Shareholding.

**12.5** Company has not allotted any bonus shares, Shares without consideration in cash and/or bought back any equity shares during the period of five years immediately preceding the Balance sheet date.

13 - OTHER EQUITY	As at 31-03-2020 (Rs. In Lakhs)	As at 31-03-2019 (Rs. In Lakhs)
<b>Securities Premium</b>		
Opening balance	13,872.88	13,872.88
Add: Addition during the year	-	-
Less: Written back during the year	-	-
Closing balance	<b>13,872.88</b>	<b>13,872.88</b>
<b>Capital Reserve</b>		
Opening balance	412.48	412.48
Add: Addition during the year	-	-
Less: Written back during the year	-	-
Closing balance	<b>412.48</b>	<b>412.48</b>
<b>General Reserve</b>		
Opening balance	980.36	980.36
Add: Addition during the year	-	-
Less: Written back during the year	-	-
Closing balance	<b>980.36</b>	<b>980.36</b>
<b>Profit and Loss</b>		
Opening balance	19,644.84	19,628.22
Add: Net Profit/(Net Loss) For the current year	44.45	16.62
Add/(Less): Adjustments on account of Ind-AS		
- Fair Valuation of Financial Liabilities	-	-
- Fair Valuation of Financial Assets	-	-
- Proposed Dividend for the year	-	-
Closing Balance	<b>19,689.29</b>	<b>19,644.84</b>
<b>FVOCI Reserve</b>		
Opening balance	-	-
Add/Less: Changes during the current year	-	-
Closing Balance	-	-
<b>Total</b>	<b>34,955.01</b>	<b>34,910.56</b>



	As at 31-03-2020 (Rs. In Lakhs)	As at 31-03-2019 (Rs. In Lakhs)
<b>14 - DEFERRED TAX LIABILITIES (NET)</b>		
Written back during the year	33.96	32.72
Addition during the year	-4.33	1.24
Written back during the year	-	-
Closing Balance	<b>29.63</b>	<b>33.96</b>

	As at 31-03-2020 (Rs. In Lakhs)	As at 31-03-2019 (Rs. In Lakhs)
<b>15 - CURRENT - OTHER FINANCIAL LIABILITIES</b>		
Unclaimed Dividends	4.49	4.99
	<b>4.49</b>	<b>4.99</b>

	As at 31-03-2020 (Rs. In Lakhs)	As at 31-03-2019 (Rs. In Lakhs)
<b>16 - OTHER CURRENT LIABILITIES</b>		
Other Liabilities	1.54	0.47
	<b>1.54</b>	<b>0.47</b>

	As at 31-03-2020 (Rs. In Lakhs)	As at 31-03-2019 (Rs. In Lakhs)
<b>17 - CURRENT TAX LIABILITIES (NET)</b>		
Current Tax Liabilities (Net of Advance Tax)	-	4.91
	<b>-</b>	<b>4.91</b>

	2019-20 (Rs. In Lakhs)	2018-19 (Rs. In Lakhs)
<b>18 - OTHER INCOME</b>		
Interest Received/Receivable		
From banks	0.18	0.18
Profit on sale of Investments	-	28.81
Fair Valuation of Financial Assets	-	0.93
	<b>0.18</b>	<b>29.92</b>

	2019-20 (Rs. In Lakhs)	2018-19 (Rs. In Lakhs)
<b>19 - FINANCE COSTS</b>		
<u>Other borrowing costs</u>		
- Bank Charges	0.82	0.20
	<b>0.82</b>	<b>0.20</b>

	2019-20 (Rs. In Lakhs)	2018-19 (Rs. In Lakhs)
<b>20 - EARNINGS PER EQUITY SHARE</b>		
Profit/(loss) available for equity shareholders	44.45	16.62
Weighted average numbers of equity shares outstanding	3,20,00,000	3,20,00,000
Nominal value per equity share (in Rupees)	10	10
Earnings /(loss) Per Equity Share- Basic and Diluted (in Rupees)	<b>0.14</b>	<b>0.05</b>



**DEEP INDUSTRIES LIMITED**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

	As at 31-03-2020 (Rs. In Lakhs)	As at 31-03-2019 (Rs. In Lakhs)
<b>21 - CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>CONTINGENT LIABILITIES</b>		
(a) Claims against the Company not acknowledged as debts	-	-
(b) In respect of guarantees given by Banks and/ or counter guarantees given by the Company	25.08	25.08
(c) Other money for which the company is contingently liable:		
1 Gujarat VAT demand not provided for	-	-
2 Service tax demand not provided for	148.33	198.24
3 Service tax-Merged Companies demand not provided for	1.70	1.70
4 Income tax demand / liabilities not provided for	55.25	52.95

**COMMITMENTS**

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for  
Considering nature of activity it is not possible to ascertain the elements of Capital Commitment  
Expenditure to be executed on capital account.

	As at 31-03-2020 (Rs. In Lakhs)	As at 31-03-2019 (Rs. In Lakhs)
<b>22- DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 17 LEASES</b>		
<b>OPERATING LEASE COMMITMENTS</b>		
Future minimum lease amounts payable by the Company in respect of non-cancellable operating leases (other than land) for other services (including rented premises) entered into by the Company :		
Not later than one year	NIL	NIL
Later than one year and not later than five years	NIL	NIL
More than five years	NIL	NIL

**23 - SEGMENT REPORTING**

The Company is not required to give segment wise revenue details and capital employed as the Company operates in single business segment namely Exploration and Production.

**24 - CORPORATE SOCIAL RESPONSIBILITY**

Pursuant to the provisions of section 135(5) of the Companies Act, 2013 (the Act), As per the relevant provisions of the Act read with Rule 2(1)(f) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company is required to spend at least 2% of the average net profits (determined under section 198 of the Companies Act 2013 and section 349 of the Companies Act 1956) made during the immediately three financial years. However, due to inadequacy of profits as per Section 198 of the Companies Act, 2013, the company is not required to spend any amount on CSR activities for Financial Year 2019-20

Gross amount required to be spent by the Company during the year: Rs. NIL (Previous year - Rs. NIL)



**DEEP INDUSTRIES LIMITED**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

**25- RELATED PARTY DISCLOSURES AS PER INDIAN ACCOUNTING STANDARD-24****(a) Related Parties****1. Subsidiaries**

- Deep Energy LLC, USA
- Deep Natural Resources Limited
- Prabha Energy Pvt Ltd.

**2. Enterprises significantly influences by KMP, or Relatives of KMP**

- Savla Oil & Gas Pvt. Ltd

**3. Key Management Personnel**

Name	Designation
Mr. Paras Savla	Chairman and MD
Mr. Rupesh Savla	Managing Director
Mr. Kirit Joshi	Independent Director
Ms. Renuka Upadhyay	Independent Director
Dr. Kirit Shelat	Independent Director
Mr. Hemendra Kumar Shah	Independent Director
Mr. Rohan Shah	Chief Financial Officer
Mr. Akshit Soni	Company Secretary

**4. Relative of Key Management Personnel**

- Mr. Manoj Savla
- Mrs. Priti Paras Savla
- Mr. Shail Manoj Savla
- Mrs. Shital Rupesh Savla
- Mr. Shanil Paras Savla

Nature of Transaction	Subsidiaries		Key Management Personnel		Enterprises significantly		Total	
	2019-20 (Rs. In Lakhs)	2018-19 (Rs. In Lakhs)	2019-20 (Rs. In Lakhs)	2018-19 (Rs. In Lakhs)	2019-20 (Rs. In Lakhs)	2018-19 (Rs. In Lakhs)	2019-20 (Rs. In Lakhs)	2018-19 (Rs. In Lakhs)
Remuneration, Salary and Sitting Fees	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-
Perquisites	-	-	-	-	-	-	-	-
Investments made during the year	3,000.00	-	-	-	-	-	3,000.00	-

**Balance Outstanding**

	Payable		Receivable	
	As at 31-03-2020 (Rs. In Lakhs)	As at 31-03-2019 (Rs. In Lakhs)	As at 31-03-2020 (Rs. In Lakhs)	As at 31-03-2019 (Rs. In Lakhs)
	Investments held in Subsidiaries	-	-	4,861.54
Key Management Personnel and their Entities controlled by Directors or their relatives	-	-	-	-
<b>Total</b>	-	-	<b>4,861.54</b>	<b>1,861.54</b>

**Note:**

- (i) The above related party transactions have been reviewed periodically by the Board of Directors of the Company vis-à-vis the applicable provisions of the Companies Act, 2013, and justification of the rates being charged/ terms thereof and approved the same.
- (ii) The details of guarantees and collaterals extended by the related parties in respect of borrowings of the Company have been given at the respective notes.



26. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair values of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on the evaluation, allowances are taken to account for the expected losses of these receivables.

The company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs which have a significant effects on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effects on the recorded fair value that are not based on observable market data.

I. Figures as at March 31, 2019

Financial Instrument	Note No.	FVTPL	FVOCI	Carrying Amount		Total	Fair value			Total
				Total Fair Value	Amortised Cost		Level 1	Level 2	Level 3	
<b>Non Current Assets</b>										
<b>Financial Assets</b>										
(i) Investments	7	-	-	-	1,861.54	1,861.54	-	-	-	-
(ii) Loans	-	-	-	-	-	-	-	-	-	-
(iii) Others	-	-	-	-	-	-	-	-	-	-
<b>Current Assets</b>										
<b>Financial Assets</b>										
(i) Investments	-	-	-	-	-	-	-	-	-	-
(ii) Trade Receivables	-	-	-	-	-	-	-	-	-	-
(iii) Cash and Cash Equivalents	8	-	-	-	3,000.00	3,000.00	-	-	-	-
(iv) Bank balances other than above (ii)	9	-	-	-	7.49	7.49	-	-	-	-
(v) Loans	-	-	-	-	-	-	-	-	-	-
(vi) Others	10	-	-	-	0.31	0.31	-	-	-	-
<b>TOTAL</b>					<b>4,869.35</b>	<b>4,869.35</b>				
<b>Non Current Liabilities</b>										
<b>Financial Liabilities</b>										
(i) Borrowings	-	-	-	-	-	-	-	-	-	-
(ii) Trade Payable	-	-	-	-	-	-	-	-	-	-
(iii) Others	-	-	-	-	-	-	-	-	-	-
<b>Current Liabilities</b>										
<b>Financial Liabilities</b>										
(i) Borrowings	-	-	-	-	-	-	-	-	-	-
(ii) Trade Payable	-	-	-	-	-	-	-	-	-	-
(iii) Others	15	-	-	-	4.99	4.99	-	-	-	-
<b>TOTAL</b>					<b>4.99</b>	<b>4.99</b>				

26. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS (Contd.)

II. Figures as at March 31, 2020

Financial Instrument	Note No.	FVTPL	FVOCI	Carrying Amount		Total	Fair value			Total
				Total Fair Value	Amortised Cost		Level 1	Level 2	Level 3	
<b>Non Current Assets</b>										
<b>Financial Assets</b>										
(i) Investments	7	-	-	-	4,861.54	4,861.54	-	-	-	-
(ii) Loans	-	-	-	-	-	-	-	-	-	-
(iii) Others	-	-	-	-	-	-	-	-	-	-
<b>Current Assets</b>										
<b>Financial Assets</b>										
(i) Investments	-	-	-	-	-	-	-	-	-	-
(ii) Trade Receivables	-	-	-	-	-	-	-	-	-	-
(iii) Cash and Cash Equivalents	8	-	-	-	-	-	-	-	-	-
(iv) Bank balances other than above (ii)	9	-	-	-	6.99	6.99	-	-	-	-
(v) Loans	-	-	-	-	-	-	-	-	-	-
(vi) Others	10	-	-	-	0.49	0.49	-	-	-	-
<b>TOTAL</b>					<b>4,869.02</b>	<b>4,869.02</b>				
<b>Non Current Liabilities</b>										
<b>Financial Liabilities</b>										
(i) Borrowings	-	-	-	-	-	-	-	-	-	-
(ii) Trade Payable	-	-	-	-	-	-	-	-	-	-
(iii) Others	-	-	-	-	-	-	-	-	-	-
<b>Current Liabilities</b>										
<b>Financial Liabilities</b>										
(i) Borrowings	-	-	-	-	-	-	-	-	-	-
(ii) Trade Payable	-	-	-	-	-	-	-	-	-	-
(iii) Others	15	-	-	-	4.49	4.49	-	-	-	-
<b>TOTAL</b>					<b>4.49</b>	<b>4.49</b>				

During the reporting period ending March 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

III. Description of significant unobservable inputs to valuation:

The following table shows the valuation techniques and inputs used for the financial instruments

	As at 31-03-20	As at 31-03-19
Other Non-Current Financial Assets		Discounted Cash Flow
Borrowings (Non-Current)		method using the risk

No, financial instruments have been routed through Other Comprehensive Income and hence separate reconciliation disclosure relating to the same is not applicable.





**27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The company's financial risk management policy is set by the Managing Board.

**Market risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loan borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

**Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the company's position with regards to the interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The company is not exposed to significant interest rate risk as at the specified reporting date.

Refer Note 19 for interest rate profile of the Company's interest-bearing financial instrument at the reporting date.

**Foreign currency risk**

The Company operates locally, however, the nature of its operations requires it to transact in INR and USD and consequently the Company is exposed to foreign exchange risk in USD.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies. Being net forex gainer Company is having natural hedge position in USD currency.

**I. Foreign Currency Exposure**

Refer Note 41 for foreign currency exposure as at March 31, 2019 and March 31, 2018 respectively.

**II. Foreign Currency Sensitivity**

1% increase or decrease in foreign exchange rates will have the following impact on the profit before tax

(Rs. In lakhs)

Currency	2019-20		2018-19	
	1% Increase	1% Decrease	1% Increase	1% Decrease
USD	0.00	-	0.00	-
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Credit risk**

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. Almost all customers of the Company are either public sector undertakings or multinational Companies.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is significant increase in credit risk the company compares the risk of a default occurring on the asset at the reporting date with the risk of default as the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty.
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation,
- (iv) Significant increase in credit risk on other financial instruments of the same counterparty.
- (v) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.



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**27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)**

**I. Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)**

Particulars	(Rs. In lakhs)	
	As at 31-03-2020	As at 31-03-2019
Non-current financial assets - Loans	-	-
Current financial assets - loans	-	-
<b>Total (A)</b>	-	-

**II. Financial assets for which loss allowance is measured using 12 months Life Time Expected Credit Losses (ECL)**

Particulars	(Rs. In lakhs)	
	As at 31-03-2020	As at 31-03-2019
Trade Receivables	-	-
<b>Total (A)</b>	-	-

**Grand Total (A+B)**

Balances with banks are subject to low credit risks due to good credit ratings assigned to these banks.

**III. The ageing analysis of these receivables (gross of provision) has been considered from the date the invoice falls due**

Particulars	(Rs. In lakhs)	
	As at 31-03-2020	As at 31-03-2019
Up to 3 months	-	-
3 to 6 months	-	-
More than 6 months	-	-
<b>Total</b>	-	-

**IV. Provision for expected credit losses again "II" and "III" above**

The company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. Hence based on historic default rates, the Company believes that, no impairment allowance is necessary in respect of above mentioned financial assets.

**Liquidity Risk**

Liquidity Risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at reasonable price. The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the company's net liquidity position through rolling forecast on the basis of expected cash flows.

**Maturity profile of financial liabilities**

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Particulars	As at 31-03-2020			As at 31-03-2019		
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total
Non-current financial liabilities - Borrowings	-	-	-	-	-	-
Non-current financial liabilities - Others	-	-	-	-	-	-
Current financial liabilities - Borrowings	-	-	-	-	-	-
Current financial liabilities - Trade Payables	-	-	-	-	-	-
Current financial liabilities - Others	4.49	-	4.49	4.99	-	4.99
<b>Total</b>	<b>4.49</b>	<b>-</b>	<b>4.49</b>	<b>4.99</b>	<b>-</b>	<b>4.99</b>

**Capital management**

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholder value. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirement of the financial covenants.

The company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

Particulars	(Rs. In lakhs)	
	As at 31-03-2020	As at 31-03-2019
Total Debt	-	-
Equity	3,200.00	3,200.00
<b>Capital and net debt</b>	<b>3,200.00</b>	<b>3,200.00</b>
<b>Gearing ratio</b>	<b>0.00%</b>	<b>0.00%</b>



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**1. CORPORATE INFORMATION**

Deep Industries Limited (DIL) is a well diversified oil & gas company serving the industry since 1991 with business interests in Air and Gas compression, Gas Dehydration, Work over, Drilling and Oil & Gas Exploration and Production. DIL is the first company in India to provide high pressure Air and Gas compressors on charter hire basis. DIL is the largest Natural Gas Compression services provider in India and has also diversified into providing of work-over & Drilling services to exploration and production (E&P) players through its fleet of rigs.

**2. BASIS OF PREPARATION**

The financial statements have been prepared on historical cost basis, except certain financial assets and liabilities which have been measured at fair value, defined benefits plans and contingent consideration. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purposes of current / non-current classification of assets and liabilities.

**Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- a. Expected to be realized or intended to be sold or consumed in normal operating cycle
- b. Held primarily for the purpose of trading
- c. Expected to be realized within twelve months after the reporting period, or
- d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- a. It is expected to be settled in normal operating cycle
- b. It is held primarily for the purpose of trading
- c. It is due to be settled within twelve months after the reporting period, or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**2A. USE OF ESTIMATES**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be adjusted due to estimates and assumptions turning out to be different from those originally assessed. Detailed information about each of



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these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgments

The areas involving critical estimates or judgments are:

- a) Estimation of current tax expense and payable – Refer accounting policies - 3.9
- b) Estimated useful life of property, plant & equipment and intangible assets – Refer accounting policies - 3.1
- c) Estimation of defined benefit obligation – Refer accounting policies - 3.8
- d) Estimation of fair values of contingent liabilities - Refer accounting policies - 3.12
- e) Recognition of revenue - Refer accounting policies - 3.4
- f) Recognition of deferred tax assets for carried forward tax losses – Refer accounting policies - 3.9
- g) Impairment of financial assets – Refer accounting policies - 3.2 & 3.5

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property, plant and equipment:**

Property, plant and equipment are stated at original cost net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Costs include financing costs of borrowed funds attributable to acquisition or construction of fixed assets, up to the date the assets are put-to-use, along with effects of foreign exchange contracts and adjustments, arising from exchange rate variations, attributable to the fixed assets, of those contracts for which option under notification of Accounting Standard-11 was exercised. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives as compared to principal item of the asset, they are recognized separately as independent items and are depreciated over their estimated economic useful lives. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred unless they meet the recognition criteria for capitalization under Property, Plant and Equipment

Tangible Fixed Assets:

- (a) Depreciation is charged using straight line method on the basis of the expected useful life as specified in Schedule II to the Act. A residual value of 5% (as prescribed in Schedule II to the Act) of the cost of the assets is used for the purpose of calculating the depreciation charge. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. However, management reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting period end and any revision to these is recognized prospectively in current and future periods.



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Intangible Assets:

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

An item of intangible asset initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the income statement when the asset is derecognized. Intangible fixed assets are amortized on straight line basis over their estimated useful economic life.

Capital Work- in- progress

Capital work- in- progress represents directly attributable costs of construction to be capitalized. All other expenses including interest incurred during construction period are capitalized as a part of the construction cost to the extent to which these expenditures are attributable to the construction as per Ind AS-23 "Borrowing Costs". Interest income earned on temporary investment of funds brought in for the project during construction period are set off from the interest expense accounted for as expenditure during the construction period. All these expenses are transferred to fixed assets on commencement of respective projects.

**3.2 Impairment of non-financial 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 is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures it on the basis of discounted cash flows of next five years' projections estimated based on current prices. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased.

In respect of the subsidiaries assets at each balance sheet date, the impairment testing is based on the realizable value of underlying assets as tested by the Board of Directors of the subsidiary.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Impairment losses of continuing operations, including impairment on inventories, are recognized in profit and loss section of the statement of profit and loss, except for properties previously revalued with the revaluation taken to other comprehensive Income (the 'OCI'). For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

**3.3 Foreign Currency Transactions**

The Company's financial statements are presented in INR, which is also the Company's functional currency.



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Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of transaction.

Conversion

Foreign currency monetary items are reported using the closing 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. Non-monetary items, which are measured in terms of historical costs denominated in foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements including receivables and payables which are likely to be settled in foreseeable future, are recognized as income or as expenses in the year in which they arise. All other exchange differences are recognized as income or as expenses in the period in which they arise, except of those contracts for which option under notification of Accounting Standard-11 was exercised where they relate to acquisition of Fixed Assets, the difference arising a result in which case they are adjusted to the term loan liabilities account.

The gain or loss arising on translation of non-monetary items is recognized in line with the gain or loss of the item that give rise to the translation difference (i.e. translation difference on items whose gain or loss is recognized in other comprehensive income or the statement of profit and loss is also recognized in other comprehensive income or the statement of profit and loss respectively).

**3.4 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Goods & Service Tax (GST), Service Tax is not received by the Company on its own account. Rather, it is tax collected on value added to the services by the Company on behalf of the government. Accordingly, it is excluded from revenue. The specific recognition criteria described below must also be met before revenue is recognized.

- (i) **Service income:**  
Service income is recognised as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and are net of service tax or GST, wherever applicable.
- (ii) **Interest Income:**  
For all debt instruments measured either at amortized cost or at fair value through other comprehensive income [OCI], interest income is recorded using the effective interest rate [EIR]. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When



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calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument [for example, prepayment, extension, call and similar options] but does not consider the expected credit losses.

- (iii) Dividend income:  
Dividend income from investments is recognized when the Company's right to receive payment is established which is generally when shareholders approve the dividend.
- (iv) Other income is recognised when no significant uncertainty as to its determination or realisation exists.

### **3.5 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **A. Financial Assets**

##### **a. Initial recognition and measurement:**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place [regular way trades] are recognized on the settlement date, trade date, i.e., the date that the Company settle commits to purchase or sell the asset.

##### **b. Subsequent measurement:**

For purposes of subsequent measurement, financial assets are classified in four categories:

##### **i. Debt instruments at amortized cost:**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held with an objective of collecting contractual cash flows
- Contractual terms of the asset give rise on specified dates to cash flows that are "solely payments of principal and interest" [SPPI] on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate [EIR] method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

##### **ii. Debt instruments at fair value through other comprehensive income [FVTOCI]:**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:



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- The asset is held with objective of both - for collecting contractual cash flows and selling the financial assets
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income [OCI]. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss [FVTPL]:**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**iv. Equity instruments measured at fair value through other comprehensive income [FVTOCI]:**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company has made such election on an instrument by- by instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**c. Derecognition:**

A financial asset is primarily derecognized when:

- i: The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either [a] the Company has transferred substantially all the risks and rewards of the asset, or [b] the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- ii. the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.





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**d. Impairment of financial assets:**

In accordance with Ind AS 109, the Company applies expected credit loss [ECL] model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- b. Trade receivables or any contractual right to receive cash
- c. Financial assets that are debt instruments and are measured as at FVTOCI
- d. Lease receivables under Ind AS 17
- e. Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on Point c and d provided above. The application of simplified approach requires the company to recognize the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive [i.e., all cash shortfalls], discounted at the original EIR.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ECL impairment loss allowance [or reversal] recognized during the period is recognized as income/ expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- a. Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- b. Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.



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**B. Financial liabilities:**

**a. Initial recognition and measurement:**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**b. Subsequent measurement:**

The measurement of financial liabilities depends on their classification, as described below:

**i. Financial liabilities at fair value through profit or loss:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied for liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

**ii. Loans and borrowings:**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**iii. Financial guarantee contracts:**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.



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**c. Derecognition:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

**C. Reclassification of financial assets:**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses [including impairment gains or losses] or interest.

**D. Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**3.6 Fair Value Measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a. In the principal market for the asset or liability, or
- b. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted [unadjusted] market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable



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**3.7 Inventories**

Inventories of spare parts and oil are valued at the lower of cost or net realizable value. The cost is determined by Moving Average method (eg: FIFO, WAM etc). The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

**3.8 Employee benefits**

- a. Short Term employee benefits are recognized as expense at undiscounted amount in the statement of profit and loss for the year in which the related service is rendered.
- b. Post employment and other long term benefits are recognised as an expense in the statement of profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques at the end of Financial Year. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the statement of profit and loss.
- c. Payments to defined contribution retirement benefit scheme, if any, are charged as expense as they fall due.

**3.9 Taxes on Income**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 and tax laws prevailing in the respective tax jurisdictions where the Company operates. Current tax items are recognized in correlation to the underlying transaction either in P&L, OCI or directly in equity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized on the basis of reasonable certainty that the company will be having sufficient future taxable profits and based on the same the DTA has been recognized in the books.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is "realized or the liability is settled, based on tax rates [and tax laws] that have been enacted or substantively enacted at the" reporting date.

Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company



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**3.13 Cash and Cash Equivalents**

Cash and cash equivalent comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**3.14 Leases**

The determination of whether an arrangement is [or contains] a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

- A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.
- Lease other than finance lease are operating lease and these leased assets are not recognized in the company's statement of financial position but are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Offices Premises taken on lease under which, all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating lease are recognized as expense on accrual basis in accordance with the respective lease agreements.

**3.15 Exceptional items**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

**3.16 Trade Receivables**

Trade Receivables are recognized initially at carrying value and subsequently re – measured at amount that would be actually received.

**3.17 Standards issued not yet effective:**

**Ind AS 116 (Leases)**

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the



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statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities. The Company is currently evaluating the impact on account of implementation of Ind AS 116 which might have significant impact on key profit & loss and balance sheet ratio i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc.

**4. Impact of COVID – 19.**

The Company's operational facilities which are very minimal post demerger had to suspend operations temporarily, due to Government's directives relating to COVID - 19, have since resumed operations, as per the guidelines and norms prescribed by the Government authorities. The Management has considered the possible effects, if any, that may result from the pandemic related to COVID-19 on carrying amounts of property, plant and equipment, trade receivable and inventories. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the Management has considered the global economic conditions prevailing as at the date of approval of these financial results and has used internal and external sources of information to the extent determined by it. Having reviewed the underlying information, the Management believes the impact of the pandemic may not be significant. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

**5. Scheme of arrangement.**

- a. Deep Industries Limited ('DIL') and Deep CH4 Limited ('DCL') filed an application for sanctioning scheme of arrangement ("the Scheme") under section 230-232 of the Companies Act, 2013. Pursuant to the scheme for demerger, Oil and Gas Service Undertaking of DIL has been transferred to DCL with the appointed date of 1 April 2017. The Scheme was sanctioned by the National Company Law Tribunal ("NCLT") at Ahmedabad vide its order dated 17 March, 2020.
- b. The Scheme has accordingly been given effect to in the accounts effective from the Appointed Date being opening of business hours on 01st April 2017.
- c. Upon the Scheme coming into effect, the Demerged Company shall reduce the carrying value of assets and liabilities pertaining to the Oil and Gas Services Undertaking, transferred to and vested in the Resulting Company from the carrying value of assets and liabilities as appearing in its books.
- d. Loans and advances, receivables, payables and other dues outstanding between the Oil and Gas Services Undertaking and the Resulting Company, if any, will stand cancelled and there shall be no further obligation/ outstanding in that behalf.
- e. The difference, being the excess / shortfall of carrying value of assets over the carrying value of liabilities of the Oil and Gas Services Undertaking shall be debited / credited to Goodwill or Capital Reserve account, as the case may be.
- f. Upon the Scheme coming into effect, the Demerged Company (DIL) shall reduce the carrying value of assets and liabilities pertaining to the Oil and Gas Services Undertaking, transferred to and vested in the Resulting Company (DCL) from the carrying value of assets and liabilities as appearing in its books.

The particulars of assets and liabilities remained in DIL and remaining assets and liabilities has been transferred to DCL.



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<b>Assets</b>	<b>Amount (Rs. in Lacs)</b>
Plant & Machinery	173.32
Capital Work In Progress	1,189.58
Investment	4,561.46
Current Assets	1,065.36
Other Assets	4,001.85
<b>Total</b>	<b>10,991.57</b>
<b>Liabilities</b>	
Equity Share Capital	3,200.00
Reserves & Surplus	34,627.44
Other Liability	4,985.86
Deferred Tax Liability	30.83
<b>Total</b>	<b>42,844.13</b>
<b>Difference of Assets over Liabilities</b>	<b>31,852.56</b>

Pursuant to the Scheme, the surplus of the assets over liabilities, appearing as Goodwill in DIL

