

**Independent Auditor's Report****To the Members of Deep Industries Limited (Formerly known as Deep CH4 Limited),****Report on the Standalone Financial Statements****Opinion**

We have audited the accompanying standalone financial statements of Deep Industries Limited (Formerly known as Deep CH4 Limited) ("the Company"), which comprises of the balance sheet as at 31st March 2018, and the statement of Profit and Loss (including other comprehensive income), and the Statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone 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 2018, 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.



Other Matter

This audit report has been issued in respect of special purpose financial statements of the company for the financial year ended on 31 March 2018 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 Energy Resources Limited (Formerly Known as Deep Industries Limited). The appointed date of the Scheme of Arrangement is 1st April, 2017. We draw attention to the Note No. 4 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 Energy Resources Limited (Formerly Known as Deep Industries Limited) as well as the restructuring of the equity share capital of the company.

Our opinion is not modified in respect of this matter.

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 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 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.

Restriction of use

Our report is intended solely for the use of the management and for inclusion in the information memorandum prepared by the Company in connection with proposed listing of its equity shares in terms of requirements of relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018, as amended, and to be filed with Securities and Exchange Board of India and the Stock Exchanges where the equity shares of the Company are proposed to be listed. Our report should not be used, referred to or distributed for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Dhirubhai Shah & Co LLP**

Chartered Accountants

Firm's registration number: 102511W/W100298

Anik S. Shah

Anik S Shah

Partner

Membership number: 140594

UDIN: 20140594AAAALS2568



Place: Ahmedabad

Date: 01st December 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 31st March 2018, 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.

- (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.

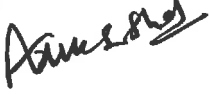


(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Dhirubhai Shah & Co LLP

Chartered Accountants

Firm's registration number: 102511W/W100298



Anik S Shah

Partner

Membership number: 140594

UDIN: 20140594AAAALS2568



Place: Ahmedabad

Date: 01st December 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 (Formerly Known as Deep CH4 Limited) ("the Company") as of 31st March 2018 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 2018, 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

Anik S. Shah

Anik S Shah

Partner

Membership number: 140594

UDIN: 20140594AAAALS2568

Place: Ahmedabad

Date: 01st December 2020



DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)
STATEMENT OF ASSETS AND LIABILITIES AS AT 31st MARCH, 2018

ASSETS	Note No.	As at 31-03-2018 Rs. In Lakhs
NON-CURRENT ASSETS		
(a) Property, Plant and Equipment	5	50,753.01
(b) Capital Work in Progress	5	133.45
(c) Intangible Assets	5	57,746.81
(d) Financial Assets		
(i) Investments	6	15.99
(ii) Others	7	80.22
(e) Other Non-Current Assets	8	66.59
		1,08,796.08
CURRENT ASSETS		
(a) Inventories	9	1,096.52
(b) Financial Assets		
(i) Investments	10	6,354.21
(ii) Trade Receivables	11	8,481.94
(iii) Cash and Cash Equivalents	12	2,835.51
(iv) Bank balances other than above (ii)	13	1,385.49
(v) Loans	14	6.23
(vi) Others	15	67.32
(c) Other Current Assets	16	1,928.00
		22,155.23
TOTAL ASSETS		1,30,951.31
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity Share Capital	17	96,000.00
(b) Other Equity	18	72.66
		96,072.66
LIABILITIES		
NON-CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings	19	14,369.89
(ii) Others	20	159.96
(b) Deferred Tax Liabilities (Net)	21	8,640.67
(c) Provision	22	53.41
		23,223.93
CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings	23	1,358.73
(ii) Trade Payables	24	
- Dues to Micro & Small Enterprises		-
- Dues to Other than Micro & Small Enterprises		1,762.76
(iii) Others	25	7,835.31
(b) Other Current Liabilities	26	694.21
(c) Provisions	27	3.71
(d) Current Tax Liabilities (Net)	28	-
		11,654.72
TOTAL EQUITY & LIABILITIES		1,30,951.31

Corporate Information, Basis of Preparation & Significant Accounting Policies 1-4

The accompanying notes 1 to 46 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

Anik S. Shah
Partner
Membership Number: 140594
Place: AHMEDABAD
Dated : 01/12/2020




Paras Savla
Chairman & Managing Director
DIN : 00145639


RUPESH SAVLA
Managing Director
DIN : 00126303

DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2018

	Note No.	2017-18 Rs. In Lakhs
INCOME		
Revenue from operations	29	30,049.25
Other income	30	455.40
TOTAL INCOME		30,504.65
EXPENSES		
Operating Expense	31	9,077.30
Employee benefits expense	32	2,312.83
Finance Costs	33	1,157.05
Depreciation and amortization expenses	5	10,286.10
Other expenses	34	2,563.81
TOTAL EXPENSES		25,397.09
Profit/(Loss) before exceptional items and tax		5,107.55
Exceptional items (net)		
Profit/(Loss) before tax		5,107.55
Tax items		
Current tax		1,058.70
Earlier years tax provisions (written back)		
Deferred tax asset / (liability)		3,980.80
Total tax items		5,039.50
Profit/(Loss) for the year		68.06
Other Comprehensive Income	35	
Items that will not be re-classified to Profit or Loss		
Re-measurement gains/ (losses) on post employment benefit plans		5.02
Items that will be re-classified to Profit or Loss		
Re-measurement gains/ (losses) on fair valuation of financial instruments		-0.97
Other Comprehensive Income/ (Loss) for the year		4.05
Total Comprehensive Income/ (Loss) for the year		72.11
Net profit / (loss) attributable to:		
Owners		68.06
Non-controlling interest		-
Other comprehensive income / (loss) attributable to:		
Owners		4.05
Non-controlling interest		-
Total comprehensive income / (loss) attributable to:		
Owners		72.11
Non-controlling interest		-
Earnings Per Equity Share (Basic and Diluted)	36	0.21

Corporate Information, Basis of Preparation & Significant Accounting Policies 1-4

The accompanying notes 1 to 46 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

Anik S. Shah

Anik S. Shah
Partner

Membership Number: 140594

Place: AHMEDABAD

Dated : 01/12/2020



Paras Savla
Paras Savla
Chairman & Managing
Director
DIN : 00145639

Rupesh Savla
RUPESH SAVLA
Managing Director
DIN : 00126303

DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2018****(A) EQUITY SHARE CAPITAL (SHARE CAPITAL SUSPENCE ACCOUNTS)**

For the year ended 31st March, 2018

(Rs. In Lakhs)

Balance as at 1st April, 2017	Changes during the year	Balance as at 31st March, 2018
-	96,000.00	96,000.00

(A) OTHER EQUITY

For the year ended 31st March, 2018


Particulars	Capital Reserve	General Reserve	Security premium account	Retained Earnings	FVOCI Reserve	Total Equity
Balance as at 1st April, 2017	-	-	-	1.74	(14.85)	(13.11)
Profit/(Loss) for the year	0.10	-	-	68.06	-	68.16
Addition/(Deletion) during the year	-	-	-	12.78	-	12.78
Proposed Dividend and Dividend Distribution Tax thereon	-	-	-	-	-	-
Other Comprehensive income/(loss) for the year	-	-	-	-	-	-
Remeasurements gain/(loss) on defined benefit plans	-	-	-	-	4.83	4.83
Balance as at 31st March, 2018	0.10	-	-	82.58	(10.02)	72.66

"As per our report of even date attached"

For **DHIRUBHAI SHAH & CO LLP**

Chartered Accountants

Firm Registration Number: 102511W/W100298


**Anik S. Shah**

Partner

Membership Number: 140594

Place: AHMEDABAD

Dated : 01/12/2020

ON BEHALF OF THE BOARD OF DIRECTORS


Paras Savla
 Chairman & Managing
 Director
 DIN : 00145639


RUPESH SAVLA
 Managing Director
 DIN : 00126303

Place: AHMEDABAD

Dated : 01/12/2020

DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)
NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

5 - PROPERTY, PLANT AND EQUIPMENT

	TANGIBLE ASSETS										INTANGIBLE ASSETS			(Rs. In Lakhs) CAPITAL WORK IN PROGRESS
	Tankers	Vehicles	Air Compressor Packages	Gas Compressor Packages	Rigs	Computers	Shed, Foundation & Road	Office Equipment, Furniture and Fixtures	Other Plant and Machinery	Total	Softwares	Goodwill	Total	
Cost:														
As at 1st April, 2017*	0.45	340.75	115.03	37,424.77	18,639.06	58.88	5,863.71	308.25	87.82	62,838.73	49.28	64,147.47	64,196.75	3,352.83
Additions		64.49		2,972.51	111.01	7.85	59.31		4.25	3,219.42	4.15		4.15	4.18
Disposals / transfers		1.53	65.42	340.30	19.55					426.80				
As at 31st March, 2018	0.45	403.71	49.61	40,056.98	18,730.52	66.73	5,923.02	308.25	92.07	65,631.35	53.43	64,147.47	64,200.90	3,223.56
Accumulated depreciation:														
As at 1st April, 2017*	0.43	125.08	99.28	6,459.40	2,061.42	57.67	2,311.84	28.92	15.85	11,159.88	38.75		38.75	
Depreciation charged during the year		41.05	2.47	1,477.32	591.91	6.10	1,718.34	29.28	4.30	3,870.77	0.59	6,414.75	6,415.34	
Disposals / transfers		0.74	52.14	94.80	4.63					152.31				
As at 31st March, 2018	0.43	165.39	49.61	7,841.92	2,648.69	63.77	4,030.18	58.20	20.15	14,878.34	39.34	6,414.75	6,454.09	
Net book value														
As at 1st April, 2017*	0.02	215.67	15.75	30,965.37	16,577.65	1.21	3,551.87	279.33	71.97	51,678.84	10.53	64,147.47	64,158.00	3,352.83
As at 31st March, 2018	0.02	238.32	0.00	32,215.06	16,081.83	2.96	1,892.84	250.05	71.92	50,753.01	14.09	57,732.72	57,746.81	133.45



DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

	No. of Shares as on 31.03.2018	As at 31-03-2018 (Rs. In Lakhs)
6 - NON - CURRENT FINANCIAL ASSETS - INVESTMENTS		
Investments (Unquoted)		
(A) Investments at Cost		
(a) Investments in Equity Shares		
- Investment in Subsidiaries		
<i>99% share in Deep Onshore Drilling Services Pvt.</i>		
<i>Ltd.</i>	9,900	0.99
<i>100 % share in Deep International DMCC</i>		
	50.00	8.90
(b) Other Investments		
- Shares of Mehsana Nagarik Co-Op Sahakari Bank		
<i>Ltd.</i>	400	0.10
- National Saving Certificate		
		1.96
		11.95
Investments (Quoted)		
(A) Investments at Fair value through OCI		
(a) Investments in Equity Shares		
- Vama Industries Limited		
	2500	0.54
- Power Trading Corporation		
	4000	3.50
		4.04
		15.99
<i>Market Value of Quoted Investment</i>		
		4.04
<i>Book Value of Unquoted Investment</i>		
		11.95

	As at 31-03-2018 (Rs. In Lakhs)
7 - NON - CURRENT FINANCIAL ASSETS - OTHERS	
Unsecured, considered good, unless otherwise stated	
Security deposits	80.22
	80.22

	31-03-2018 (Rs. In Lakhs)
8 - OTHER NON CURRENT ASSETS	
Advances Other Than Capital Advances	
Advances to Vendors	3.06
Others	
Balance with Govt Authorities	54.57
Deferred Security Deposits	8.96
	66.59

	As at 31-03-2018 (Rs. In Lakhs)
9 - INVENTORIES	
(valued at lower of cost and net realizable value)	
a. Stores and Spares	587.37
b. Others	
- Stock of Oil & Lubricants	509.15
	1,096.52



	No. of Units as on 31.03.2018	As at 31-03-2018 (Rs. In Lakhs)
10 - CURRENT FINANCIAL ASSETS - INVESTMENTS		
Investments (Quoted)		
Investments at Fair Value through Profit and Loss		
Investments in Mutual Funds		
- Franklin India Short Term Income Plan	33,892.83	635.48
- Franklin India Ultra Short Bond Fund-Growth	1,02,95,423.38	290.70
- SBI Ultra Short Debt Fund		-
- ICICI Ultra Short Term-Growth	25,87,849.31	461.15
- DSP BlackRock Ultra Short Term Fund	74,96,952.63	945.85
- Franklin Templeton Low Duration Fund	1,70,45,049.51	3,404.85
- IDFC Ultra Short Term Fund	24,67,504.63	607.64
- IDFC Ultra Low Duration Fund	-	-
-IDFC Mutual Fund		8.54
		6,354.21
<i>Market Value of Quoted Investment</i>		6,354.21

	As at 31-03-2018 (Rs. In Lakhs)
11 - CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES	
Unsecured, considered good;	8,481.94
	8,481.94

	As at 31-03-2018 (Rs. In Lakhs)
12 - CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS	
A) Balances with Banks	
- In Current Accounts	1,384.27
- In EEFC Accounts	1,276.37
- In Escrow Accounts	170.71
	2,831.35
A) Cash on Hand	4.17
	4.17
	2,835.51

	As at 31-03-2018 (Rs. In Lakhs)
13 - CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN ABOVE	
A) Balances with Banks	
- Unpaid Dividend with Bank	-
	-
B) Others	
- Fixed Deposits held as Margin Money	1,385.49
	1,385.49
	1,385.49

	As at 31-03-2018 (Rs. In Lakhs)
14 - CURRENT - FINANCIAL ASSETS - LOANS	
Unsecured, considered good;	
Loan to Staff	6.23
	6.23

	As at 31-03-2018 (Rs. In Lakhs)
15 - CURRENT - FINANCIAL ASSETS - OTHER	
Accrued Bank Fixed Deposits Interest	67.32
	67.32



	As at 31-03-2018 (Rs. In Lakhs)
16 - CURRENT ASSETS - OTHERS	
Unsecured, considered good, unless otherwise stated	
Advances other than Capital Advances	
Balance with Government Authorities	580.95
Income Tax	490.53
Prepaid Expenses	140.42
Advances to Vendors	703.07
Others	-
Advances to Subsidiaries	13.04
Preliminary Exp.	
	<u><u>1,928.00</u></u>

	As at 31-03-2018 (Rs. In Lakhs)
17 - EQUITY SHARE CAPITAL	
Authorised:	
27266340 Equity Shares of Rs. 10/- each with voting rights	<u>2,726.63</u>
Issued, Subscribed and paid-up:	
Share Capital Suspence Accounts	96,000.00
	<u><u>96,000.00</u></u>

	As at 31-03-2018 (Rs. In Lakhs)
18 - OTHER EQUITY	
Securities Premium	
Opening balance	-
Add: Addition during the year	-
Less: Written back during the year	-
Closing balance	-
Capital Reserve	
Opening balance	-
Add: Addition during the year	0.10
Less: Written back during the year	-
Closing balance	<u>0.10</u>
General Reserve	
Opening balance	-
Add: Addition during the year	-
Less: Written back during the year	-
Closing balance	-
Profit and Loss	
Opening balance	1.74
Add: Net Profit/(Net Loss) For the current year	68.06
Add/(Less): Adjustments on account of Ind-AS	
- Fair Valuation of Financial Liabilities	12.78
- Fair Valuation of Financial Assets	-
- Proposed Dividend for the year	-
Closing Balance	<u>82.58</u>
FVOCI Reserve	
Opening balance	(14.85)
Add/Less: Changes during the current year	4.83
Closing Balance	<u>(10.02)</u>
Total	<u><u>72.66</u></u>



As at 31-03-2018 (Rs. In Lakhs)	
19 - NON-CURRENT - FINANCIAL LIABILITIES - BORROWINGS	
<u>Secured</u>	
a. Term Loans	
<i>From banks</i>	
- Rupee Term Loans	5,675.90
- Foreign Currency Term Loans	15,974.64
- Vehicle Loans	104.28
Less: Current Maturities of Long Term Debts	-7,384.93
	<u>14,369.89</u>

As at 31-03-2018 (Rs. In Lakhs)	
20 - NON-CURRENT - FINANCIAL LIABILITIES - OTHERS	
Unsecured, considered good	
Buyer's Credit Interest accrued but not due on borrowings	159.96
	<u>159.96</u>

As at 31-03-2018 (Rs. In Lakhs)	
21 - DEFERRED TAX LIABILITIES (NET)	
Written back during the year	4,659.87
Addition during the year	3,980.80
Written back during the year	
Closing Balance	<u>8,640.67</u>

As at 31-03-2018 (Rs. In Lakhs)	
22 - NON-CURRENT PROVISION	
<u>Provision for employee benefit</u>	
- Provision for Gratuity	53.41
	<u>53.41</u>

As at 31-03-2018 (Rs. In Lakhs)	
23 - CURRENT FINANCIAL LIABILITIES - BORROWINGS	
<u>Secured</u>	
a. Loans repayable on demand	
<i>From banks</i>	
- Cash Credits	1,358.73
	<u>1,358.73</u>

As at 31-03-2018 (Rs. In Lakhs)	
24 - CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES	
Due to micro and small enterprises	
Due to other than micro and small enterprises	1,762.76
	<u>1,762.76</u>

As at 31-03-2018 (Rs. In Lakhs)	
25 - CURRENT - OTHER FINANCIAL LIABILITIES	
Current Maturities of Long Term Debts	7,384.93
Unclaimed Dividends	
Provision for Salary	136.78
Provision for Other Expense	313.57
	<u>7,835.28</u>



	As at 31-03-2018 (Rs. In Lakhs)
26 - OTHER CURRENT LIABILITIES	
Statutory liabilities	601.59
Other Liabilities	86.12
Share Capital Payable to Share Holder	6.50
	<u>694.21</u>

	As at 31-03-2018 (Rs. In Lakhs)
27- CURRENT PROVISIONS	
Provision for employee benefit	
- Provision for Gratuity	3.71
	<u>3.71</u>

	As at 31-03-2018 (Rs. In Lakhs)
28 - CURRENT TAX LIABILITIES (NET)	
Current Tax Liabilities (Net of Advance Tax)	-
	<u>-</u>

	2017-18 (Rs. In Lakhs)
29 - REVENUE FROM OPERATIONS	
Sale of Services	30,049.25
	<u>30,049.25</u>

	2017-18 (Rs. In Lakhs)
30 - OTHER INCOME	
Interest Received/Receivable	
From banks	64.78
From others	8.17
Dividend Income	0.38
Profit on sale of Investments	22.72
Other Income	18.73
Insurance Claim Received	-
Net gain on foreign currency transaction and translation (other than finance cc)	189.43
Kasar/Vatav and Discount	4.99
Fair Valuation of Financial Assets	146.21
	<u>455.40</u>

	2017-18 (Rs. In Lakhs)
31 - OPERATING EXPENSE	
Consumption Spares, Oil & Other Operating Expense	6,851.26
Changes in inventories of Finished Goods, WIP & Stock in Trade	(40.60)
Equipment Running & Maintenance Exps	2,266.64
	<u>9,077.30</u>

	2017-18 (Rs. In Lakhs)
32 - EMPLOYEE BENEFITS EXPENSES	
Salaries, Wages, Bonus etc	2,061.32
Director Remuneration & Perquisites	97.01
Contribution to Provident and Other funds	69.09
Staff Welfare expenses	85.41
	<u>2,312.83</u>



33 - FINANCE COSTS	2017-18
	(Rs. In Lakhs)
Interest expenses	
- Interest Expenses on Hypothecation & Term loan	361.35
- Interest & Finance Charges on Foreign Credit	620.88
- Other Interest & Finance Charges	13.69
Other borrowing costs	
- Bank Charges	153.62
-Adjustment on account of Ind-AS	7.51
	1,157.05

34 - OTHER EXPENSES	2017-18
	(Rs. In Lakhs)
Electricity, Power and Fuel	97.83
Repairs, maintenance and refurbishing *	660.79
Rent	176.92
Rates and taxes	18.81
Insurance	66.60
Communication Expense	10.29
Legal and professional charges	270.02
Payment to the auditors**	5.01
Printing Stationery, Xerox and Office Expense	54.23
Donations	122.90
Travelling and Conveyance(@)	498.03
Security Service Charges	31.50
Advertisement, publicity and business promotion	7.06
Hotel, Loading and Boarding Expense	76.87
Loss on Sale of Fixed Assets	132.78
Net Loss on foreign currency transaction and translation (other than finance cost)	
Miscellaneous	143.92
Preliminary Expense Written off	190.25
	2,563.81
* includes:	
Repairs to buildings	623.12
Repairs to machinery	37.67
**Payments to the auditors for	
(including service tax)	
-statutory audit	2.51
-Taxation Matters	0.50
-limited review fees	
-certification work	1.95
-out of pocket expenses	0.05
(@) includes:	
Director Travelling	70.70
	75.71

35 - OTHER COMPREHENSIVE INCOME	2017-18
	(Rs. In Lakhs)
Re-measurement gains/ (losses) on post employment benefit plans	5.02
Re-measurement gains/ (losses) on fair valuation of financial instruments	(0.20)
	4.83

36 - EARNINGS PER EQUITY SHARE	2017-18
	(Rs. In Lakhs)
Profit/(loss) available for equity shareholders	68.06
Weighted average numbers of equity shares outstanding	3,20,00,000
Nominal value per equity share (in Rupees)	10
Earnings /(loss) Per Equity Share- Basic and Diluted (in Rupees)	0.21



	As at 31-03-2018 (Rs. In Lakhs)
37 - CONTINGENT LIABILITIES AND COMMITMENTS	
CONTINGENT LIABILITIES	
(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	5,694.47
(c) Other money for which the company is contingently liable:	
1 Gujarat VAT demand not provided for	-
2 Service tax demand not provided for	
3 Service tax-Merged Companies demand not provided for	
4 Income tax demand / liabilities not provided for	

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 31-03-2018 (Rs. In Lakhs)
38 - DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 17 LEASES	
OPERATING LEASE COMMITMENTS	
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	103.12
Later than one year and not later than five years	193.54
More than five years	41.47

39 - SEGMENT REPORTING

The Company is not required to give segment wise revenue details and capital employed as Exploration and Production segment has not generated any revenue and the Capital employed for E & P segment is less than 10% of total capital employed of the Company.

40 - DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 19 EMPLOYEE BENEFITS

The Company has classified the various benefits provided to employees as under:-

(a) Defined contribution plans

-Provident fund

The Company has recognized the following amounts in the statement of profit and loss:

Employers' contribution to provident fund :- Current Year Rs. 20.58 Lakhs (Previous Year Rs. 69.09 Lakhs)

(b) Defined benefit plans

- Gratuity

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plans based on the following

Economic Assumptions

The discount rate and salary increases assumed are the key financial assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

Discount Rate

The discounting rate is based on the gross redemption yield on medium to long term risk free investments. The estimated term of the benefits/obligations works out to zero years. For the current valuation a discount rate of 7.45% p.a. (Previous Year 7.60% p.a.) compound has been used.

Salary Escalation Rate

The salary escalation rate usually consists of at least three components, viz. regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the Company's philosophy towards employee remuneration are also to be taken into account. Again a long-term view as to trend in salary increase rates has to be taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors.

The assumptions used are summarized in the following table:

	Gratuity (Unfunded) As at 31-03-2018
Discount rate(per annum)	7.60%
Future salary increase	8.00% for Next 3years & 6.00% thereafter
Retirement age	56 years
Withdrawal rates	
- Up to 25 years	15.00%
- From 26 to 35 years	12.00%
- From 35 to 45 years	9.00%
- From 45 to 55 years	6.00%
	3.00%



	Gratuity (Unfunded)
	As at
	31-03-2018
	(Rs. In Lakhs)
Change in present value of the defined benefit obligation during the year	
Present value of obligation as at the beginning of the year	33.89
Interest Cost	2.38
Current Service Cost	21.86
Benefits Paid	
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(2.14)
Actuarial (Gain)/Loss on arising from Experience Adjustment	(2.87)
Past Service Cost	4.01
Present value of obligation as at the end of the year	57.12
Change in fair value of plan assets during the year	
Fair Value of plan assets at the beginning of the year	-
Interest Income	-
Contributions by the employer	-
Benefits paid	-
Return on plan assets	-
Fair Value of plan assets at the end of the year	-
Net Asset/ (Liability) recorded in the Balance Sheet	
Present value of obligation as at the end of the year	57.12
Net (Asset)/ Liability Current	3.71
Net (Asset)/ Liability-Non-Current	53.41
Expenses recorded in the Statement of Profit & Loss during the year	
Interest Cost	2.38
Current Service Cost	21.86
Total expenses included in employee benefit expenses	24.24
Recognized in Other Comprehensive Income during the year	
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	-2.14
Actuarial (Gain)/Loss on arising from Experience Adjustment	-2.87
Recognized in Other Comprehensive Income	(5.01)
Maturity profile of defined benefit obligation	
Within 12 months of the reporting period	3.71
Between 2 and 5 years	22.56
Between 6 and 10 years	27.17
Quantitative sensitivity analysis for significant assumption is as below:	
Increase/ (decrease) on present value of defined benefit obligation at the end of the year	
Half percentage point increase in discount rate	54.89
Half percentage point decrease in discount rate	59.50
Half percentage point increase in salary increase rate	59.28
Half percentage point decrease in salary increase rate	55.04
Expected contribution to the defined benefit plan for the next reporting period	

2017-18
(Rs. In Lakhs)

Expected contribution to the defined benefit plan for the next reporting period (Gratuity) 3.71

41 - CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of section 135(5) of the Companies Act, 2013 (the Act), the Company has formed its Corporate Social Responsibility (CSR) Committee. 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.

Gross amount required to be spent by the Company during the year: Rs. 176.19 Lakhs (Previous year - Rs. 120.31 Lakhs)

(Rs. In Lakhs)

PARTICULARS

	2017-18
	(Rs. In Lakhs)
Amount Required to be spent as per Section 135 of the Act	120.31
Amount spent during the year on:	
(i) Construction/Acquisition of an asset	-
(ii) On the Purposes other than (i) above	120.38
Total	120.38



(a) Derivatives outstanding as at balance sheet date

The company has entered into swap deals with HDFC Bank Ltd, IDFC Bank Ltd. And IndusInd Bank for reducing interest cost by moving from INR floating interest rate to LIBOR fixed interest rate with underlying USD revenue contracts. The relevant detail is as under:

HDFC Bank

Currency Swap - 1	534.03
Start Date: 27th July, 2015	
End Date: 01st July, 2019	
Underlying USD amount: USD 21,86,268.04	
Fixed LIBOR rate : 6L + 3.95%	
Currency Swap - 2	461.00
Start Date: 09th November, 2015	
End Date: 19th July, 2019	
Underlying USD amount: USD 18,23,589.83	
Fixed LIBOR rate : 6L+4.10%	
Currency Swap - 3	300.93
Start Date: 11th August, 2015	
End Date: 01st July, 2019	
Underlying USD amount: USD 1229880.88	
Fixed LIBOR rate : 6L+3.95%	
Currency Swap - 4	3,026.00
Start Date: 29th July, 2016	
End Date: 25th November, 2020	
Underlying USD amount: USD 6777155.66	
Fixed rate: 5.50000% p.a	
Currency Swap - 5	288.89
Start Date: 01st January, 2017	
End Date: 04th May, 2020	
Underlying USD amount: USD 5,87,048.25	
Fixed LIBOR rate : 5.75% p.a	

IDFC Bank

Currency Swap - 1	282.77
Start Date: 01st March, 2018	
End Date: 07th March, 2019	
Underlying USD amount: USD 469978.52	
Fixed LIBOR rate : 6.04% p.a	
Currency Swap - 2	-
Start Date: 16th April, 2018	
End Date: 16th April, 2019	
Underlying USD amount: USD 1053801.45	
Fixed LIBOR rate : 6.12% p.a	
Currency Swap - 3	-
Start Date: 04th September, 2018	
End Date: 06th September, 2019	
Underlying USD amount: USD 643851.27	
Fixed LIBOR rate : 6.00% p.a	

IndusInd Bank

Currency Swap - 1	-
Start Date: 20th February, 2019	
End Date: 31st January, 2021	
Underlying USD amount: USD 734177.22	
Fixed rate : 3.34% p.a	

Above swap deals have been fair valued and resultant gain / (loss) have been recorded through statement of profit and loss account.



(b) The amount of foreign currency exposures that are not hedged by a derivative instrument or otherwise as at 31st March, 2018 are as under:

As at 31st March, 2018
Foreign Currency (USD) (Rs. In Lakhs)

Receivables

Loans and advances given	0.20	13.04
Investment in Deep International DMCC (refer Note 5)	0.14	8.90
Trade Receivables	28.77	1,871.49

Loans & Advances to Creditors

For Capital Goods	6.00	379.26
For Spares & Purchase	0.95	61.68

Payables

Trade payables	0.69	44.76
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DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

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

- Deep Onshore Drilling Services Pvt Ltd
- Deep International DMCC

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

- Adinath Exim Resources Limited
- Savla Oil & Gas Pvt. Ltd

3. Key Management Personnel

Name	Designation
Mr. Paras Savla	Chairman and MD
Mr. Rupesh Savla	Managing Director
Mr. Dharen Savla	Whole Time Director (Retired w.e.f. 26.06.2018)
Mr. Prem Singh Sawhney	Non - Executive Director (Retired w.e.f. 26.06.2018)
Mr. Kirit Joshi	Independent Director
Mr. Sanjay Parekh	Independent Director (Retired w.e.f. 26.06.2018)
Mr. Arun Mandke	Independent Director (Retired w.e.f. 09.10.2018)
Ms. Renuka Upadhyay	Independent Director
Dr. Kirit Shelat	Independent Director (Appointed w.e.f. 16.08.2018)
Mr. Hemendra Kumar Shah	Independent Director (Appointed w.e.f. 26.06.2018)

4. Relative of Key Management Personnel

- Mr. Manoj Savla
- Mrs. Avani Savla
- Mrs. Mita Manoj Savla
- Mr. Shail Manoj Savla
- Mrs. Shital Rupesh Savla
- Mr. Shanil Paras Savla

(b) Transactions with related parties:

Nature of Transaction	Subsidiaries	Key Management Personnel	Enterprises significantly	Total
	2017-18 (Rs. In Lakhs)	2017-18 (Rs. In Lakhs)	2017-18 (Rs. In Lakhs)	2017-18 (Rs. In Lakhs)
Remuneration, Salary and Sitting Fees	-	113.67	-	113.67
Rent	-	136.17	-	136.17
Perquisites	-	1.41	-	1.41
Investments made during the year	8.90	-	-	8.90

Balance Outstanding

	Payable	Receivable
	As at 31-03-2018 (Rs. In Lakhs)	As at 31-03-2018 (Rs. In Lakhs)
Investments held in Subsidiaries	-	-
Key Management Personnel and their relatives	-	-
Entities controlled by Directors or their relatives	-	-
Total	-	-

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.



44. 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, 2018

Financial Instrument	Note No.	FVTPL	FVOCI	Carrying Amount		Total	Fair value			Total
				Total Fair Value	Amortised Cost		Level 1	Level 2	Level 3	
Non Current Assets										
Financial Assets										
(i) Investments	6	-	-	-	11.95	11.95	-	-	-	-
(ii) Loans	-	-	-	-	-	-	-	-	-	-
(iii) Others	7	-	-	-	80.22	80.22	-	-	-	-
Current Assets										
Financial Assets										
(i) Investments	10	6,354.21	-	6,354.21	-	6,354.21	6,354.21	-	-	6,354.21
(ii) Trade Receivables	11	-	-	-	8,481.94	8,481.94	-	-	-	-
(iii) Cash and Cash Equivalents	12	-	-	-	2,835.51	2,835.51	-	-	-	-
(iv) Bank balances other than above (ii)	13	-	-	-	1,385.49	1,385.49	-	-	-	-
(v) Loans	14	-	-	-	6.23	6.23	-	-	-	-
(vi) Others	15	-	-	-	67.32	67.32	-	-	-	-
TOTAL		6,354.21	-	6,354.21	12,868.66	19,222.88	6,354.21	-	-	6,354.21
Non Current Liabilities										
Financial Liabilities										
(i) Borrowings	19	-	-	-	14,369.89	14,369.89	-	-	-	-
(ii) Trade Payable	0	-	-	-	-	-	-	-	-	-
(iii) Others	20	-	-	-	159.96	159.96	-	-	-	-
Current Liabilities										
Financial Liabilities										
(i) Borrowings	23	-	-	-	1,358.73	1,358.73	-	-	-	-
(ii) Trade Payable	24	-	-	-	-	-	-	-	-	-
(iii) Others	25	-	-	-	7,835.31	7,835.31	-	-	-	-
TOTAL		-	-	-	23,723.89	23,723.89	-	-	-	-



45 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	2017-18	
	1% Increase	1% Decrease
USD	(145.82)	145.82
Total	(145.82)	145.82

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.



45. 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 31-03-2018
Non-current financial assets - Loans	-
Current financial assets - loans	6.23
Total (A)	6.23

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

Particulars	(Rs. In lakhs)
	As at 31-03-2018
Trade Receivables	8,481.94
Total (A)	8,481.94

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 31-03-2018
Up to 3 months	6,495.62
3 to 6 months	980.87
More than 6 months	1,005.45
Total	8,481.94

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 31-03-2018		
	Less than 1 year	1 to 5 years	Total
Non-current financial liabilities - Borrowings	-	14,369.89	14,369.89
Non-current financial liabilities - Others	-	159.96	159.96
Current financial liabilities - Borrowings	1,358.73	-	1,358.73
Current financial liabilities - Trade Payables	-	-	-
Current financial liabilities - Others	7,835.31	-	7,835.31
Total	9,194.04	14,529.85	23,723.89

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	As at 31-03-2018
Total Debt	15,728.62
Equity	96,000.00
Capital and net debt	1,11,728.62
Gearing ratio	14.08%



DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

46 - FIRST TIME ADOPTION OF IND AS

First-time Adoption of Ind AS

The company has prepared its first Financial Statements in accordance with Ind AS for the year ended March 31, 2018. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The effective date for Company's Ind AS Opening Balance Sheet is 1 April 2017 (the date of transition to Ind AS).

Any resulting differences between carrying amounts of assets and liabilities according to Ind AS 101 as of April 01, 2017 compared with those presented in the Indian GAAP Balance Sheet as of March 31, 2017, were recognized in equity under retained earnings within the Ind AS Balance Sheet.

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following notes and reconciliations.

I. Exemptions and exceptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Indian GAAP to Ind AS.

A) Deemed cost:

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their Indian GAAP carrying values.

B) Leases:

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/arrangements.

C) Designation of previously recognised financial instruments:

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity investments.

D) Estimates:

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP [after adjustments to reflect any difference in accounting policies], unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2017 are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

- i. Investment in equity instruments carried at FVPL or FVOCI;
- ii. Investment in debt instruments carried at FVPL; and
- iii. Impairment of financial assets based on expected credit loss model.

E) Classification and measurement of financial assets:

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

F) De-recognition of financial assets and liabilities:

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.



DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)
NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018
DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 101: FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS (Contd.)
III. Reconciliation of equity as at 31st March, 2018

	Reference	Indian GAAP	Adjustments	IND AS
ASSETS				
1. NON-CURRENT ASSETS:				
(a) Property, Plant and Equipment		50,753.01	-	50,753.01
(b) Capital Work in Progress		133.46	-	133.46
(c) Intangible Assets		57,746.82	-	57,746.82
(d) Financial Assets				
(i) Investments	**	15.02	0.97	15.99
(ii) Loans		-	-	-
(iii) Others		91.33	-11.11	80.22
(e) Other Non Current Assets		57.63	8.96	66.59
TOTAL NON-CURRENT ASSETS		1,08,797.27	(1.18)	1,08,796.09
2. CURRENT ASSETS				
(a) Inventories		1,096.52	-	1,096.52
(b) Financial Assets				
(i) Investments		6,207.97	146.24	6,354.21
(ii) Trade Receivables		8,481.94	-	8,481.94
(iii) Cash and Cash Equivalents		2,835.51	-	2,835.51
(iv) Bank balances other than above (ii)		1,385.49	-	1,385.49
(v) Loans		6.23	-	6.23
(vi) Others		67.32	-	67.32
(c) Other Current Assets		1,928.00	-	1,928.00
TOTAL CURRENT ASSETS		22,008.98	146.24	22,155.22
TOTAL ASSETS		1,30,806.25	145.06	1,30,951.31
EQUITY AND LIABILITIES				
EQUITY:				
(a) Equity share capital		96,000.00	-	96,000.00
(b) Other equity	** , #, %, \$, @	-651.04	723.70	72.66
		95,348.96	723.70	96,072.66
LIABILITIES				
1. NON-CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	@	14,369.89	-	14,369.89
(ii) Trade Payables		159.96	-	159.96
(iii) Others	**	8,640.67	-	8,640.67
(a) Deferred Tax Liabilities (Net)		53.41	-	53.41
(c) Other Non Current Liabilities		-	-	-
TOTAL NON-CURRENT LIABILITIES		23,223.93	0.00	23,223.93
2. CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings		1,358.73	-	1,358.73
(ii) Trade Payables		1,762.76	-	1,762.76
(iii) Other Financial Liabilities		8,413.95	-578.64	7,835.31
(b) Other Current Liabilities		694.21	-	694.21
(c) Provisions		3.71	-	3.71
(d) Current Tax Liabilities (Net)		-	-	-
TOTAL CURRENT LIABILITIES		12,233.36	-578.64	11,654.72
TOTAL LIABILITIES		35,457.29	-578.64	34,878.65
TOTAL EQUITY AND LIABILITIES		1,30,806.25	145.06	1,30,951.31



Reconciliation of total comprehensive income for the year ended 31st March, 2018

	Reference	Indian GAAP	Adjustments	IND AS
REVENUES				
Revenue from operations	~	30,049.26	-	30,049.26
Other income	**	301.04	154.36	455.40
Total REVENUE		30,350.30	154.36	30,504.66
EXPENSES				
Operating Expense	~	9,077.30	-	9,077.30
Employees Benefits Expense		2,312.83	-	2,312.83
Finance costs	@	1,149.54	7.51	1,157.05
Depreciation and amortization expense		10,286.12	-	10,286.12
Other expenses	**	2,563.81	-	2,563.81
TOTAL EXPENSES		25,389.60	7.51	25,397.11
PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		4,960.70	146.85	5,107.55
Exchange gain /(loss)		-	-	-
Exceptional items(net)		-	-	-
PROFIT BEFORE TAX		4,960.70	146.85	5,107.55
TAX EXPENSES				
Current tax		1,058.70	-	1,058.70
Deferred tax(credit)		3,980.80	-	3,980.80
Earlier years tax provisions (written back)		-	-	-
PROFIT FOR THE YEAR		(78.80)	146.85	68.04
OTHER COMPREHENSIVE INCOME:				
(A) (i) Items that will not be classified to profit or loss				
- Re-measurement gains/ (losses) on post employment defined benefit plans	%	-	-5.02	-5.02
(A) (i) Items that will be classified to profit or loss				
- Re-measurement gains/ (losses) on account of equity instruments	\$	-	0.97	0.97
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		-	-4.05	-4.05
TOTAL COMPREHENSIVE INCOME /(LOSS) FOR THE YEAR		(78.80)	142.80	63.99

Summary of reconciliation of net profit between previous Indian GAAP and Ind AS

Particulars	Rs. In lakhs As at 31/03/2018
Net profit under previous GAAP	(78.80)
Adjustment as per Ind AS	
On account of unwinding of security deposit balances	(7.51)
On account of fair valuation of financial assets	146.18
Re-measurement gains/ (losses) on post employment defined benefit plans	8.17
Net profit as per Ind AS	68.04
Actuarial loss on employee defined benefit plan - through OCI	-5.02
Re-measurement gains/ (losses) on account of equity instruments	0.97
Total comprehensive income	63.99



DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

**** Fair Valuation adjustments for financial assets and financial liabilities:**

- Under IGAAP, security deposits given and taken were required to be carried at book value. Under Ind AS, the said concept has shifted from book value to fair value hence the same has been adjusted after considering FVTPL

Deferred Tax on Ind AS adjustments:

IGAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under IGAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

% Actuarial loss on defined benefit plan:

Both under IGAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

\$ Effect of changes in revaluation surplus:

Para 39 to 42 of the Ind AS 16 "Property, Plant & Equipment mandates that any change in the revaluation surplus is required to be routed through other comprehensive income (OCI). Accordingly, additional depreciation arising out of revalued property is also required to be routed through OCI account. The said effect has been eliminated from statement of profit and loss and has been shown under OCI

@ Fair valuation of borrowing through profit and loss account

Ind AS 109 mandates financial instruments that are classified as fair value through profit or loss account to be fair valued whenever the financial statements are prepared. As per the provisions of Ind AS 109, where any transaction costs have been incurred at the time of obtaining term loan, then the said costs are required to be amortized at "Effective Interest Rate" (EIR) in time span of the said term loan.

~ Others:

Sale of goods:

Under the IGAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses.

Other comprehensive income:

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' include remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments and corresponding tax impact thereon. The concept of other comprehensive income did not exist under previous GAAP.



DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. CORPORATE INFORMATION

Deep CH4 Private Limited was incorporated as a Private Limited Company on 15th November, 2006 under Companies Act of 1956 with Register of Companies, Ahmedabad vide Registration No.: 049371. (CIN: U14292GJ2006PTC049371). Deep CH4 Limited has changed its Name to Deep CH4 Limited vide CIN no. U14292GJ2006PLC049371 as on 11.06.2018. Further Deep CH4 Limited has changed its Name to Deep Industries Limited vide CIN no. U14292GJ2006PLC049371 as on 25.09.2020

DEEP Industries Limited (Formerly Known as Deep CH4 Limited) is incorporated to carry on all or any of the business of prospecting, exploring, developing, opening and working mines, drilling and sinking shafts or wells and to pump, refine raise, dig and quarry coal bed methane, minerals, ores, gases such as methane gas i.e. CH4.

2. BASIS OF PREPARATION

The special purpose financial statements of the Company for the period year ended 31st March ,2018 have been prepared in accordance with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, for the limited purpose of inclusion in the Information Memorandum prepared by the Company in connection with proposed listing of its equity shares in terms of requirements of relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018, as amended, and to be filed by the Company with the Securities and Exchange Board of India and the Stock Exchanges where the equity shares of the Company are proposed to be listed. The financial statements have been prepared after giving effect to the Scheme of Arrangement for demerger of Oil and Gas Services Undertaking of Deep Energy Resources Limited (Formerly Deep Industries Limited) into the Company (having appointed date of 1 April 2017) sanctioned by the National Company Law Tribunal, Ahmedabad bench, vide its order dated 17 March 2020.

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:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- 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:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- 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.



DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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 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



DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

each reporting period end and any revision to these is recognized prospectively in current and future periods.

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.



DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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



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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 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]:



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

- 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.



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- 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.

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.



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- 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.

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



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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.

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



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Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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.



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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 recognizes MAT credit as an asset, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes it down to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period and utilize the MAT Credit Entitlement.

3.10 Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs which are not specifically attributable to the acquisition, construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a weighted average capitalization rate. The weighted average rate is taken of the borrowing costs applicable to the outstanding borrowings of the company during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized cannot exceed the amount of borrowing costs incurred during that period.

3.11 Earnings per equity share

Basic earnings per share is calculated by dividing the net profit or loss from continuing operation and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

3.12 Provisions, Contingent Liabilities and Contingent Assets:

Provision is recognized when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made.

A disclosure for contingent liability is made when there is a possible obligation, that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision/disclosure is made. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognized in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, using a current pre-tax rate that reflects, when appropriate, the risks specific to the



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liability. Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are renewed at each balance sheet date.

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.

4. 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.



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- 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. Pursuant to the Scheme, assets & liabilities of the Oil and Gas Services business has been transferred and vested into the company at the values appearing in the books of the Demerged Company as on opening of business hours on 01st April 2017. The particulars of assets and liabilities transferred are as follows:

Assets	Amount (Rs. in Lacs)
Fixed Assets	51,689.39
Capital Work In Progress	3,352.83
Investment	9.07
Stock	1,055.93
Trade Receivable	6,646.92
Cash & Bank	521.33
Fixed Deposit account	926.67
Other current assets	153.33
Other assets	1,475.28
Total	65,830.75
Liabilities	
Reserves & Surplus	4.91
Loans	27,364.55
Deferred Tax Liability	4,659.87
Trade Payable	554.79
Other Liability	1,394.09
	33,978.22

In accordance with the scheme, share holders of demerged company to be allotted 3,20,00,000 equity shares at 300 rupees (290 security premium and 10 FV). Pursuant to the Scheme, after issued of equity share and the surplus of the assets over liabilities, appearing as Goodwill in CH4



**Independent Auditor's Report****To the Members of Deep Industries Limited (Formerly known as Deep CH4 Limited),****Report on the Consolidated Financial Statements****Opinion**

We have audited the accompanying consolidated financial statements of Deep Industries Limited (Formerly known as Deep CH4 Limited) ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the 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 and based on the consideration of the reports of the other auditors on separate financial statements / consolidated financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2018, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing 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 Consolidated 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 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 Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter

This audit report has been issued in respect of consolidated financial statements of the company for the financial year ended on 31 March 2018 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 Energy Resources Limited (Formerly known as Deep Industries Limited). The appointed date of the Scheme of Arrangement is 1st April, 2017. We draw attention to the Note - 4 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 Energy Resources Limited (Formerly known as Deep Industries Limited). Our opinion is not modified in respect of this matter.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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 Consolidated Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group, covered under the Act are



responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Standards on Auditing 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 consolidated financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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



holding 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 utmost significance in the audit of the consolidated 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.



Other Matters

We did not audit financial statement of Deep International DMCC, Dubai included in the consolidated financial result, whose financial statements reflects total assets of ₹ 956.15 lakhs as at March 31, 2018, total revenue of ₹ 1,218.29 lakhs, net profit ₹ 136.45 lakhs for the year ended on that date, as considered in the financial results. This financial statement has been audited by other auditor whose reports have been furnished to us by the management and our opinion on the consolidated financial results, in so far as it relates to amounts and disclosures included in respect of this subsidiary, is based solely on the reports of the other Auditors.

Further, the above-mentioned subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in United Arab Emirates and which have been audited by other auditor under generally accepted auditing standards applicable in United Arab Emirates. The Holding Company's management has converted the financial statements of such subsidiary, located outside India from accounting principles generally accepted in United Arab Emirates to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, and matters identified and disclosed under key audit matters section above, in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us. Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, we report that the Holding Company and the subsidiaries, paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
2. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, 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 purpose of our audit of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c. the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

- e. On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, none of the directors of the Group companies, its associate companies and joint venture companies covered under the Act, are disqualified as on 31 March 2018 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 Holding Company, and its subsidiary companies, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';

- 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and also the other financial information of the subsidiaries:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
 - ii. Provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, during the year ended 31 March 2018;



Restriction of use

Our report is intended solely for the use of the management and for inclusion in the information memorandum prepared by the Company in connection with proposed listing of its equity shares in terms of requirements of relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018, as amended, and to be filed with Securities and Exchange Board of India and the Stock Exchanges where the equity shares of the Company are proposed to be listed. Our report should not be used, referred to or distributed for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For, **Dhirubhai Shah & Co LLP**

Chartered Accountants

FRN: 102511W/W100298

Anik S. Shah



Anik S Shah

Partner

Membership number: 140594

UDIN: 20140594AAAALT5245

Place: Ahmedabad

Dated: 01-12-2020

Annexure – A 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 (Formerly known as Deep CH4 Limited) (“the Company”) as of 31st March 2018 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The respective company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group 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 Group’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 Group'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 consolidated financial statements, whether due to fraud or error.



Meaning of Internal Financial Controls over Financial Reporting

Group'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.

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

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 Holding Company and its subsidiaries 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 2018, based on the internal control over financial reporting criteria established by the Group 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.

Other Matter

We did not audit the internal financial controls over financial reporting in so far as it related to two subsidiary companies, whose financial statements reflects total assets of ₹ 956.15 lakhs as at March 31, 2018, total revenue of ₹ 1,218.29 lakhs, net profit ₹ 136.45 lakhs for the year ended on that date, as considered in the financial results.



The internal financial controls over financial reporting in so far as it relates to Deep International DMCC, Dubai, has been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls over financial reporting for the Group, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For, **Dhirubhai Shah & Co LLP**
Chartered Accountants
FRN: 102511W/W100298

Anik S. Shah

Anik S Shah
Partner
Membership number: 140594



Place: Ahmedabad
Date: 01-12-2020
UDIN: 20140594AAAALT5245

DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)
CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH, 2018

ASSETS	Note No.	As at 31-03-2018 Rs. In Lakhs
NON-CURRENT ASSETS		
(a) Property, Plant and Equipment	5	50,753.01
(b) Capital Work in Progress	5	133.51
(c) Intangible Assets	5	57,746.81
(d) Financial Assets		
(i) Investments	6	6.10
(ii) Others	7	80.22
(e) Other Non-Current Assets	8	66.59
		1,08,786.25
CURRENT ASSETS		
(a) Inventories	9	1,452.33
(b) Financial Assets		
(i) Investments	10	6,355.06
(ii) Trade Receivables	11	8,481.94
(iii) Cash and Cash Equivalents	12	3,434.14
(iv) Bank balances other than above (ii)	13	1,385.49
(v) Loans	14	6.23
(vi) Others	15	67.32
(c) Other Current Assets	16	1,929.85
		23,112.36
TOTAL ASSETS		1,31,898.60
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity Share Capital	17	96,000.00
(b) Other Equity	18	204.10
		96,204.10
Non Controlling Interest		0.01
LIABILITIES		
NON-CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings	19	14,369.89
(ii) Others	20	159.96
(b) Deferred Tax Liabilities (Net)	21	8,640.67
(c) Provision	22	53.41
		23,223.93
CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings	23	1,358.73
(ii) Trade Payables	24	
- Dues to Micro & Small Enterprises		-
- Dues to Other than Micro & Small Enterprises		2,372.67
(iii) Others	25	8,028.18
(b) Other Current Liabilities	26	707.28
(c) Provisions	27	3.71
(d) Current Tax Liabilities (Net)	28	-
		12,470.57
TOTAL EQUITY & LIABILITIES		1,31,898.61

Corporate Information, Basis of Preparation & Significant Accounting Policies 1-3

The accompanying notes 1 to 46 are an integral part of the Consolidated 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

Anik S. Shah

Partner

Membership Number: 140594

Place: AHMEDABAD

Dated : 01/12/2020



Paras Savla
Paras Savla

Chairman & Managing

Director

DIN : 00145639

Rupesh Savla
RUPESH SAVLA

Managing Director

DIN : 00126303

DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)
CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH, 2018

	Note No.	2017-18 Rs. In Lakhs
INCOME		
Revenue from operations	29	31,267.54
Other income	30	455.45
TOTAL INCOME		31,722.99
EXPENSES		
Operating Expense	31	9,542.08
Employee benefits expense	32	2,341.34
Finance Costs	33	1,157.62
Depreciation and amortization expenses	5	10,286.10
Other expenses	34	3,156.86
TOTAL EXPENSES		26,484.00
Profit/(Loss) before exceptional items and tax		5,238.99
Exceptional items (net)		
Profit/(Loss) before tax		5,238.99
Tax items		
Current tax		1,058.70
Earlier years tax provisions (written back)		
Deferred tax asset / (liability)		3,980.80
Total tax items		5,039.50
Profit/(Loss) for the year		199.49
Other Comprehensive Income	35	
Items that will not be re-classified to Profit or Loss		
Re-measurement gains/ (losses) on post employment benefit plans		5.02
Items that will be re-classified to Profit or Loss		
Re-measurement gains/ (losses) on fair valuation of financial instruments		-0.97
Other Comprehensive Income/ (Loss) for the year		4.05
Total Comprehensive Income/ (Loss) for the year		203.54
Net profit / (loss) attributable to:		
Owners		199.49
Non-controlling interest		-
Other comprehensive income / (loss) attributable to:		
Owners		4.05
Non-controlling interest		-
Total comprehensive income / (loss) attributable to:		
Owners		203.54
Non-controlling interest		-
Earnings Per Equity Share (Basic and Diluted)	36	0.62

Corporate Information, Basis of Preparation & Significant Accounting Policies 1-4

The accompanying notes 1 to 46 are an integral part of the Consolidated 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

Anik S. Shah

Anik S. Shah

Partner

Membership Number: 140594

Place: AHMEDABAD

Dated : 01/12/2020



Paras Savla

Paras Savla

Chairman & Managing

Director

DIN : 00145639

Rupesh Savla

RUPESH SAVLA

Managing Director

DIN : 00126303

DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2018

(A) EQUITY SHARE CAPITAL (SHARE CAPITAL SUSPENCE ACCOUNTS)

For the year ended 31st March, 2018

(Rs. In Lakhs)

Balance as at 1st April, 2017	Changes during the year	Balance as at 31st March, 2018
-	96,000.00	96,000.00

(A) OTHER EQUITY

For the year ended 31st March, 2018

Particulars	Capital Reserve	General Reserve	Security premium account	Retained Earnings	FVOCI Reserve	Total Equity
Balance as at 1st April, 2017	-	-	-	1.74	(14.85)	(13.11)
Profit/(Loss) for the year	0.10	-	-	199.49	-	199.59
Addition/(Deletion) during the year	-	-	-	12.78	-	12.78
Proposed Dividend and Dividend Distribution Tax thereon	-	-	-	-	-	-
Other Comprehensive income/(loss) for the year	-	-	-	-	-	-
Remeasurements gain/(loss) on defined benefit plans	-	-	-	-	4.83	4.83
Balance as at 31st March, 2018	0.10	-	-	214.02	(10.02)	204.10

"As per our report of even date attached"

For **DHIRUBHAI SHAH & CO LLP**

Chartered Accountants

Firm Registration Number: 102511W/W100298

Anik S. Shah

Anik S. Shah

Partner

Membership Number: 140594

Place: AHMEDABAD

Dated : 01/12/2020



ON BEHALF OF THE BOARD OF DIRECTORS

Paras Savla
 Paras Savla
 Chairman & Managing
 Director
 DIN : 00145639

Rupesh Savla
 RUPESH SAVLA
 Managing Director
 DIN : 00126303

Place: AHMEDABAD
 Dated : 01/12/2020

DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)
NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

5 - PROPERTY, PLANT AND EQUIPMENT

	TANGIBLE ASSETS										INTANGIBLE ASSETS			(Rs. In Lakhs) CAPITAL WORK IN PROGRESS
	Tankers	Vehicles	Air Compressor Packages	Gas Compressor Packages	Rigs	Computers	Shed, Foundation & Road	Office Equipment, Furniture and Fixtures	Other Plant and Machinery	Total	Softwares	Goodwill	Total	
Cost:														
As at 1st April, 2017*	0.45	340.75	115.03	37,424.77	18,639.06	58.88	5,863.71	308.25	87.82	62,838.73	49.28	64,147.47	64,196.75	3,352.89
Additions	-	64.49	-	2,972.51	111.01	7.85	59.31	-	4.25	3,219.42	4.15	-	4.15	4.18
Disposals / transfers	-	1.53	65.42	340.30	19.55	-	-	-	-	426.80	-	-	-	-
As at 31st March, 2018	0.45	403.71	49.61	40,056.98	18,730.52	66.73	5,923.02	308.25	92.07	65,631.35	53.43	64,147.47	64,200.90	3,223.56
Accumulated depreciation:														
As at 1st April, 2017*	0.43	125.08	99.28	6,459.40	2,061.42	57.67	2,311.84	28.92	15.85	11,159.88	38.75	-	38.75	-
Depreciation charged during the year	-	41.05	2.47	1,477.32	591.91	6.10	1,718.34	29.28	4.30	3,870.77	0.59	6,414.75	6,415.34	-
Disposals / transfers	-	0.74	52.14	94.80	4.63	-	-	-	-	152.31	-	-	-	-
As at 31st March, 2018	0.43	165.39	49.61	7,841.92	2,648.69	63.77	4,030.18	58.20	20.15	14,878.34	39.34	6,414.75	6,454.09	-
Net book value														
As at 1st April, 2017*	0.02	215.67	15.75	30,965.37	16,577.65	1.21	3,551.87	279.33	71.97	51,678.84	10.53	64,147.47	64,158.00	3,352.89
As at 31st March, 2018	0.02	238.32	0.00	32,215.06	16,081.83	2.96	1,892.84	250.05	71.92	50,753.01	14.09	57,732.72	57,746.81	133.51



DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

	No. of Shares as on 31.03.2018	As at 31-03-2018 (Rs. In Lakhs)
6 - NON - CURRENT FINANCIAL ASSETS - INVESTMENTS		
Investments (Unquoted)		
(A) Investments at Cost		
(a) Investments in Equity Shares		
(b) Other Investments		
- Shares of Mehsana Nagarik Co-Op Sahakari Bank Ltd.	400	0.10
- National Saving Certificate		1.96
		2.06
Investments (Quoted)		
(A) Investments at Fair value through OCI		
(a) Investments in Equity Shares		
- Vama Industries Limited	2500	0.54
- Power Trading Corporation	4000	3.50
		4.04
		6.10
<i>Market Value of Quoted Investment</i>		4.04
<i>Book Value of Unquoted Investment</i>		2.06

	As at 31-03-2018 (Rs. In Lakhs)
7 - NON - CURRENT FINANCIAL ASSETS - OTHERS	
Unsecured, considered good, unless otherwise stated	
Security deposits	80.22
	80.22

	31-03-2018 (Rs. In Lakhs)
8 - OTHER NON CURRENT ASSETS	
Advances Other Than Capital Advances	
Advances to Vendors	3.06
Others	
Balance with Govt Authorities	54.57
Deferred Security Deposits	8.96
	66.59

	As at 31-03-2018 (Rs. In Lakhs)
9 - INVENTORIES	
(valued at lower of cost and net realizable value)	
a. Stores and Spares	943.18
b. Others	
- Stock of Oil & Lubricants	509.15
	1,452.33



10 - CURRENT FINANCIAL ASSETS - INVESTMENTS	No. of Units as on 31.03.2018	As at 31-03-2018 (Rs. in Lakhs)
Investments (Quoted)		
Investments at Fair Value through Profit and Loss		
Investments in Mutual Funds		
- Franklin India Short Term Income Plan	33,892.83	635.48
- Franklin India Ultra Short Bond Fund-Growth	1,02,95,423.38	290.70
- SBI Ultra Short Debt Fund		-
- ICICI Ultra Short Term-Growth	25,87,849.31	461.15
- DSP BlackRock Ultra Short Term Fund	74,96,952.63	945.85
- Franklin Templeton Low Duration Fund	1,70,45,049.51	3,404.85
- IDFC Ultra Short Term Fund	24,67,504.63	607.64
- IDFC Ultra Low Duration Fund		-
-IDFC Mutual Fund		8.54
-BARODA PIONEER LIQUID FUND		0.85
		6,355.06

Market Value of Quoted Investment

6,355.06

11 - CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES	As at 31-03-2018 (Rs. In Lakhs)
Unsecured, considered good;	8,481.94
	8,481.94

12 - CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS	As at 31-03-2018 (Rs. In Lakhs)
A) Balances with Banks	
- In Current Accounts	1,982.89
- In EEFC Accounts	1,276.37
- In Escrow Accounts	170.71
	3,429.97
A) Cash on Hand	4.17
	4.17
	3,434.14

13 - CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN ABOVE	As at 31-03-2018 (Rs. In Lakhs)
A) Balances with Banks	
- Unpaid Dividend with Bank	-
B) Others	
- Fixed Deposits held as Margin Money	1,385.49
	1,385.49
	1,385.49

14 - CURRENT - FINANCIAL ASSETS - LOANS	As at 31-03-2018 (Rs. In Lakhs)
Unsecured, considered good;	
Loan to Staff	6.23
	6.23

15 - CURRENT - FINANCIAL ASSETS - OTHER	As at 31-03-2018 (Rs. In Lakhs)
Accrued Bank Fixed Deposits Interest	67.32
	67.32



	As at 31-03-2018 (Rs. In Lakhs)
16 - CURRENT ASSETS - OTHERS	
Unsecured, considered good, unless otherwise stated	
Advances other than Capital Advances	
Balance with Government Authorities	580.95
Income Tax	490.53
Prepaid Expenses	140.42
Advances to Vendors	703.07
Others	1.84
Advances to Subsidiaries	13.04
Preliminary Exp.	
	1,929.85

	As at 31-03-2018 (Rs. In Lakhs)
17 - EQUITY SHARE CAPITAL	
Authorised:	
27266340 Equity Shares of Rs. 10/- each with voting rights	2,726.63
Issued, Subscribed and paid-up:	
Share Capital Suspence Accounts	96,000.00
	96,000.00

	As at 31-03-2018 (Rs. In Lakhs)
18 - OTHER EQUITY	
Securities Premium	
Opening balance	-
Add: Addition during the year	-
Less: Written back during the year	-
Closing balance	-
Capital Reserve	
Opening balance	-
Add: Addition during the year	0.10
Less: Written back during the year	-
Closing balance	0.10
General Reserve	
Opening balance	-
Add: Addition during the year	-
Less: Written back during the year	-
Closing balance	-
Profit and Loss	
Opening balance	1.74
Add: Net Profit/(Net Loss) For the current year	199.49
Add/(Less): Adjustments on account of Ind-AS	
- Fair Valuation of Financial Liabilities	12.78
- Fair Valuation of Financial Assets	-
- Proposed Dividend for the year	-
Closing Balance	214.02
FVOCI Reserve	
Opening balance	(14.85)
Add/Less: Changes during the current year	4.83
Closing Balance	(10.02)
Total	204.10



		As at 31-03-2018 (Rs. In Lakhs)
19 - NON-CURRENT - FINANCIAL LIABILITIES - BORROWINGS		
<u>Secured</u>		
a. Term Loans		
From banks		
- Rupee Term Loans		5,675.90
- Foreign Currency Term Loans		15,974.64
- Vehicle Loans		104.28
Less: Current Maturities of Long Term Debts		-7,384.93
		<u>14,369.89</u>
		As at 31-03-2018 (Rs. In Lakhs)
20 - NON-CURRENT - FINANCIAL LIABILITIES - OTHERS		
Unsecured, considered good		
Buyer's Credit Interest accrued but not due on borrowings		159.96
		<u>159.96</u>
		As at 31-03-2018 (Rs. In Lakhs)
21 - DEFERRED TAX LIABILITIES (NET)		
Written back during the year		4,659.87
Addition during the year		3,980.80
Written back during the year		-
Closing Balance		8,640.67
		<u>8,640.67</u>
		As at 31-03-2018 (Rs. In Lakhs)
22 - NON-CURRENT PROVISION		
<u>Provision for employee benefit</u>		
- Provision for Gratuity		53.41
		<u>53.41</u>
		As at 31-03-2018 (Rs. In Lakhs)
23 - CURRENT FINANCIAL LIABILITIES - BORROWINGS		
<u>Secured</u>		
a. Loans repayable on demand		
From banks		
- Cash Credits		1,358.73
		<u>1,358.73</u>
		As at 31-03-2018 (Rs. In Lakhs)
24 - CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES		
Due to micro and small enterprises		-
Due to other than micro and small enterprises		2,372.67
		<u>2,372.67</u>
		As at 31-03-2018 (Rs. In Lakhs)
25 - CURRENT - OTHER FINANCIAL LIABILITIES		
Current Maturities of Long Term Debts		7,384.93
Unclaimed Dividends		-
Provision for Salary		136.78
Provision for Other Expense		506.47
		<u>8,028.18</u>



	As at 31-03-2018 (Rs. In Lakhs)
26 - OTHER CURRENT LIABILITIES	
Statutory liabilities	601.59
Other Liabilities	99.16
Share Capital Payable to Share Holder	6.50
	<u>707.25</u>

	As at 31-03-2018 (Rs. In Lakhs)
27- CURRENT PROVISIONS	
Provision for employee benefit	
- Provision for Gratuity	3.71
	<u>3.71</u>

	As at 31-03-2018 (Rs. In Lakhs)
28 - CURRENT TAX LIABILITIES (NET)	
Current Tax Liabilities (Net of Advance Tax)	-
	<u>-</u>

	2017-18 (Rs. In Lakhs)
29 - REVENUE FROM OPERATIONS	
Sale of Services	31,267.54
	<u>31,267.54</u>

	2017-18 (Rs. In Lakhs)
30 - OTHER INCOME	
Interest Received/Receivable	
From banks	64.78
From others	8.17
Dividend Income	0.38
Profit on sale of Investments	22.72
Other Income	18.73
Insurance Claim Received	-
Net gain on foreign currency transaction and translation (other than finance cc)	189.43
Kasar/Vatav and Discount	4.99
Fair Valuation of Financial Assets	146.25
	<u>455.45</u>

	2017-18 (Rs. In Lakhs)
31 - OPERATING EXPENSE	
Consumption Spares, Oil & Other Operating Expense	7,316.04
Changes in inventories of Finished Goods, WIP & Stock in Trade	(40.60)
Equipment Running & Maintenance Exps	2,266.64
	<u>9,542.08</u>

	2017-18 (Rs. In Lakhs)
32 - EMPLOYEE BENEFITS EXPENSES	
Salaries, Wages, Bonus etc	2,089.83
Director Remuneration & Perquisites	97.01
Contribution to Provident and Other funds	69.09
Staff Welfare expenses	85.41
	<u>2,341.34</u>



33 - FINANCE COSTS	2017-18 (Rs. In Lakhs)
Interest expenses	
- Interest Expenses on Hypothecation & Term loan	361.35
- Interest & Finance Charges on Foreign Credit	620.88
- Other Interest & Finance Charges	13.69
Other borrowing costs	
- Bank Charges	154.19
- Adjustment on account of Ind-AS	7.51
	1,157.62

34 - OTHER EXPENSES	2017-18 (Rs. In Lakhs)
Electricity, Power and Fuel	97.83
Repairs, maintenance and refurbishing *	1,223.11
Rent	188.12
Rates and taxes	18.81
Insurance	66.60
Communication Expense	10.29
Legal and professional charges	272.61
Payment to the auditors**	5.03
Printing Stationery, Xerox and Office Expense	54.23
Donations	122.90
Travelling and Conveyance(@)	499.26
Security Service Charges	31.50
Advertisement, publicity and business promotion	7.06
Hotel, Loading and Boarding Expense	76.87
Loss on Sale of Fixed Assets	132.78
Miscellaneous	159.61
Preliminary Expense Written off	190.25
	3,156.86
* includes:	
Repairs to buildings	623.12
Repairs to machinery	37.67
**Payments to the auditors for (including service tax)	
-statutory audit	2.51
-Taxation Matters	0.50
-limited review fees	
-certification work	1.95
-out of pocket expenses	0.05
(@) includes:	
Director Travelling	70.70
	75.71

35 - OTHER COMPREHENSIVE INCOME	2017-18 (Rs. In Lakhs)
Re-measurement gains/ (losses) on post employment benefit plans	5.02
Re-measurement gains/ (losses) on fair valuation of financial instruments	(0.20)
	4.83

36 - EARNINGS PER EQUITY SHARE	2017-18 (Rs. In Lakhs)
Profit/(loss) available for equity shareholders	199.49
Weighted average numbers of equity shares outstanding	3,20,00,000
Nominal value per equity share (in Rupees)	10
Earnings /(loss) Per Equity Share- Basic and Diluted (in Rupees)	0.62



DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

	As at 31-03-2018 (Rs. In Lakhs)
37 - CONTINGENT LIABILITIES AND COMMITMENTS	
CONTINGENT LIABILITIES	
(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	5,694.47
(c) Other money for which the company is contingently liable:	
1 Gujarat VAT demand not provided for	-
2 Service tax demand not provided for	
3 Service tax-Merged Companies demand not provided for	
4 Income tax demand / liabilities not provided for	

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 31-03-2018 (Rs. In Lakhs)
38 - DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 17 LEASES	
OPERATING LEASE COMMITMENTS	
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	103.12
Later than one year and not later than five years	193.54
More than five years	41.47

39 - SEGMENT REPORTING

The Company is not required to give segment wise revenue details and capital employed as Exploration and Production segment has not generated any revenue and the Capital employed for E & P segment is less than 10% of total capital employed of the Company.

40 - DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 19 EMPLOYEE BENEFITS

The Company has classified the various benefits provided to employees as under:-

(a) Defined contribution plans

-Provident fund

The Company has recognized the following amounts in the statement of profit and loss:

Employers' contribution to provident fund :- Current Year Rs. 20.58 Lakhs (Previous Year Rs. 69.09 Lakhs)

(b) Defined benefit plans

- Gratuity

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plans based on the following

Economic Assumptions

The discount rate and salary increases assumed are the key financial assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

Discount Rate

The discounting rate is based on the gross redemption yield on medium to long term risk free investments. The estimated term of the benefits/obligations works out to zero years. For the current valuation a discount rate of 7.45% p.a. (Previous Year 7.60% p.a.) compound has been used.

Salary Escalation Rate

The salary escalation rate usually consists of at least three components, viz. regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the Company's philosophy towards employee remuneration are also to be taken into account. Again a long-term view as to trend in salary increase rates has to be taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors.

The assumptions used are summarized in the following table:

	Gratuity (Unfunded) As at 31-03-2018
Discount rate(per annum)	7.60%
Future salary increase	8.00% for Next 3years & 6.00% thereafter
Retirement age	56 years
Withdrawal rates	
- Up to 25 years	15.00%
- From 26 to 35 years	12.00%
- From 35 to 45 years	9.00%
- From 45 to 55 years	6.00%
	3.00%



Gratuity (Unfunded)

As at
31-03-2018
(Rs. In Lakhs)

Change in present value of the defined benefit obligation during the year	
Present value of obligation as at the beginning of the year	33.89
Interest Cost	2.38
Current Service Cost	21.86
Benefits Paid	(2.14)
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(2.87)
Actuarial (Gain)/Loss on arising from Experience Adjustment	4.01
Past Service Cost	57.12
Present value of obligation as at the end of the year	
Change in fair value of plan assets during the year	
Fair Value of plan assets at the beginning of the year	-
Interest Income	-
Contributions by the employer	-
Benefits paid	-
Return on plan assets	-
Fair Value of plan assets at the end of the year	-
Net Asset/ (Liability) recorded in the Balance Sheet	
Present value of obligation as at the end of the year	57.12
Net (Asset)/ Liability Current	3.71
Net (Asset)/ Liability-Non-Current	53.41
Expenses recorded in the Statement of Profit & Loss during the year	
Interest Cost	2.38
Current Service Cost	21.86
Total expenses included in employee benefit expenses	24.24
Recognized in Other Comprehensive Income during the year	
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	-2.14
Actuarial (Gain)/Loss on arising from Experience Adjustment	-2.87
Recognized in Other Comprehensive Income	(5.01)
Maturity profile of defined benefit obligation	
Within 12 months of the reporting period	3.71
Between 2 and 5 years	22.56
Between 6 and 10 years	27.17
Quantitative sensitivity analysis for significant assumption is as below:	
Increase/ (decrease) on present value of defined benefit obligation at the end of the year	
Half percentage point increase in discount rate	54.89
Half percentage point decrease in discount rate	59.50
Half percentage point increase in salary increase rate	59.28
Half percentage point decrease in salary increase rate	55.04
Expected contribution to the defined benefit plan for the next reporting period	

2017-18
(Rs. In Lakhs)

Expected contribution to the defined benefit plan for the next reporting period (Gratuity) 3.71

41 - CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of section 135(5) of the Companies Act, 2013 (the Act), the Company has formed its Corporate Social Responsibility (CSR) Committee. 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.

Gross amount required to be spent by the Company during the year: Rs. 176.19 Lakhs (Previous year - Rs. 120.31 Lakhs)

(Rs. In Lakhs)

PARTICULARS

	2017-18
	(Rs. In Lakhs)
Amount Required to be spent as per Section 135 of the Act	120.31
Amount spent during the year on:	
(i) Construction/Acquisition of an asset	-
(ii) On the Purposes other than (i) above	120.38
Total	120.38



42 - DERIVATIVE INSTRUMENTS

2017-18
(Rs. In Lakhs)

(a) Derivatives outstanding as at balance sheet date

The company has entered into swap deals with HDFC Bank Ltd, IDFC Bank Ltd. And IndusInd Bank for reducing interest cost by moving from INR floating interest rate to LIBOR fixed interest rate with underlying USD revenue contracts. The relevant detail is as under:

HDFC Bank	
Currency Swap - 1	534.03
Start Date: 27th July, 2015	
End Date: 01st July, 2019	
Underlying USD amount: USD 21,86,268.04	
Fixed LIBOR rate : 6L + 3.95%	
Currency Swap - 2	461.00
Start Date: 09th November, 2015	
End Date: 19th July, 2019	
Underlying USD amount: USD 18,23,589.83	
Fixed LIBOR rate : 6L+4.10%	
Currency Swap - 3	300.93
Start Date: 11th August, 2015	
End Date: 01st July, 2019	
Underlying USD amount: USD 1229880.88	
Fixed LIBOR rate : 6L+3.95%	
Currency Swap - 4	3,026.00
Start Date: 29th July, 2016	
End Date: 25th November, 2020	
Underlying USD amount: USD 6777155.66	
Fixed rate: 5.50000% p.a	
Currency Swap - 5	288.89
Start Date: 01st January, 2017	
End Date: 04th May, 2020	
Underlying USD amount: USD 5,87,048.25	
Fixed LIBOR rate : 5.75% p.a	
IDFC Bank	
Currency Swap - 1	282.77
Start Date: 01st March, 2018	
End Date: 07th March, 2019	
Underlying USD amount: USD 469978.52	
Fixed LIBOR rate : 6.04% p.a	
Currency Swap - 2	-
Start Date: 16th April, 2018	
End Date: 16th April, 2019	
Underlying USD amount: USD 1053801.45	
Fixed LIBOR rate : 6.12% p.a	
Currency Swap - 3	-
Start Date: 04th September, 2018	
End Date: 06th September, 2019	
Underlying USD amount: USD 643851.27	
Fixed LIBOR rate : 6.00% p.a	
IndusInd Bank	
Currency Swap - 1	-
Start Date: 20th February, 2019	
End Date: 31st January, 2021	
Underlying USD amount: USD 734177.22	
Fixed rate : 3.34% p.a	

Above swap deals have been fair valued and resultant gain / (loss) have been recorded through statement of profit and loss account.



(b) The amount of foreign currency exposures that are not hedged by a derivative instrument or otherwise as at 31st March, 2018 are as under:

	As at 31st March, 2018	
	Foreign Currency (USD)	(Rs. In Lakhs)
Receivables		
Loans and advances given	0.20	13.04
Investment in Deep International DMCC (refer Note 5)	0.14	8.90
Trade Receivables	28.77	1,871.49
Loans & Advances to Creditors		
For Capital Goods	6.00	379.26
For Spares & Purchase	0.95	61.68
Payables		
Trade payables	0.69	44.76



DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

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

- Deep Onshore Drilling Services Pvt Ltd
- Deep International DMCC

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

- Adinath Exim Resources Limited
- Savla Oil & Gas Pvt. Ltd

3. Key Management Personnel

Name	Designation
Mr. Paras Savla	Chairman and MD
Mr. Rupesh Savla	Managing Director
Mr. Dharen Savla	Whole Time Director (Retired w.e.f. 26.06.2018)
Mr. Premsingh Sawhney	Non - Executive Director (Retired w.e.f. 26.06.2018)
Mr. Kirit Joshi	Independent Director
Mr. Sanjay Parekh	Independent Director (Retired w.e.f. 26.06.2018)
Mr. Arun Mandke	Independent Director (Retired w.e.f. 09.10.2018)
Ms. Renuka Upadhyay	Independent Director
Dr. Kirit Shelat	Independent Director (Appointed w.e.f. 16.08.2018)
Mr. Hemendra Kumar Shah	Independent Director (Appointed w.e.f. 26.06.2018)

4. Relative of Key Management Personnel

- Mr. Manoj Savla
- Mrs. Avani Savla
- Mrs. Mita Manoj Savla
- Mr. Shail Manoj Savla
- Mrs. Shital Rupesh Savla
- Mr. Shanil Paras Savla

(b) Transactions with related parties:

Nature of Transaction	Subsidiaries 2017-18 (Rs. In Lakhs)	Key Management Personnel 2017-18 (Rs. In Lakhs)	Enterprises significantly 2017-18 (Rs. In Lakhs)	Total 2017-18 (Rs. In Lakhs)
Remuneration, Salary and Sitting Fees	-	113.67	-	113.67
Rent	-	136.17	-	136.17
Perquisites	-	1.41	-	1.41
Investments made during the year	-	-	-	-

Balance Outstanding

	Payable		Receivable	
	As at 31-03-2018 (Rs. In Lakhs)		As at 31-03-2018 (Rs. In Lakhs)	
Investments held in Subsidiaries	-		-	
Key Management Personnel and their relatives	-		-	
Entities controlled by Directors or their relatives	-		-	
Total	-		-	

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.



44. 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, 2018

Financial Instrument	Note No.	Carrying Amount		Fair value			Total		
		FVTPL	FVOCI	Total Fair Value	Amortised Cost	Level 1		Level 2	Level 3
Non Current Assets									
Financial Assets									
(i) Investments	6	-	-	-	2.06	2.06	-	-	-
(ii) Loans	-	-	-	-	-	-	-	-	-
(iii) Others	7	-	-	-	80.22	80.22	-	-	-
Current Assets									
Financial Assets									
(i) Investments	10	6,355.06	-	6,355.06	-	6,355.06	6,355.06	-	-
(ii) Trade Receivables	11	-	-	-	8,481.94	8,481.94	-	-	6,355.06
(iii) Cash and Cash Equivalents	12	-	-	-	3,434.14	3,434.14	-	-	-
(iv) Bank balances other than above (ii)	13	-	-	-	1,385.49	1,385.49	-	-	-
(v) Loans	14	-	-	-	6.23	6.23	-	-	-
(vi) Others	15	-	-	-	67.32	67.32	-	-	-
TOTAL		6,355.06	-	6,355.06	13,457.40	19,812.46	6,355.06	-	6,355.06
Non Current Liabilities									
Financial Liabilities									
(i) Borrowings	19	-	-	-	14,369.89	14,369.89	-	-	-
(ii) Trade Payable	0	-	-	-	-	-	-	-	-
(iii) Others	20	-	-	-	159.96	159.96	-	-	-
Current Liabilities									
Financial Liabilities									
(i) Borrowings	23	-	-	-	1,358.73	1,358.73	-	-	-
(ii) Trade Payable	24	-	-	-	-	-	-	-	-
(iii) Others	25	-	-	-	8,028.18	8,028.18	-	-	-
TOTAL		-	-	-	23,916.76	23,916.76	-	-	-



45 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	2017-18	
	1% Increase	1% Decrease
USD	(145.82)	145.82
Total	(145.82)	145.82

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.



DEEP INDUSTRIES LIMITED (FORMERLY KNOWN AS DEEP CH4 LIMITED)
NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

45. 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	
Non-current financial assets - Loans		31-03-2018
Current financial assets - loans		-
Total (A)		6.23
		6.23

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

Particulars	(Rs. In lakhs)	
	As at	
Trade Receivables		31-03-2018
Total (A)		8,481.94
		8,481.94

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	
Up to 3 months		31-03-2018
3 to 6 months		6,495.62
More than 6 months		980.87
Total		1,005.45
		8,481.94

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 31-03-2018		
	Less than 1 year	1 to 5 years	Total
Non-current financial liabilities - Borrowings	-	14,369.89	14,369.89
Non-current financial liabilities - Others	-	159.96	159.96
Current financial liabilities - Borrowings	1,358.73	-	1,358.73
Current financial liabilities - Trade Payables	-	-	-
Current financial liabilities - Others	-	-	-
Total	8,028.18	14,529.85	8,028.18
	9,386.91	14,529.85	23,916.76

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	As at	
	31-03-2018	
Total Debt		15,728.62
Equity		96,000.00
Capital and net debt		1,11,728.62
Gearing ratio		14.08%



First-time Adoption of Ind AS

The company has prepared its first Financial Statements in accordance with Ind AS for the year ended March 31, 2018. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The effective date for Company's Ind AS Opening Balance Sheet is 1 April 2017 (the date of transition to Ind AS).

Any resulting differences between carrying amounts of assets and liabilities according to Ind AS 101 as of April 01, 2017 compared with those presented in the Indian GAAP Balance Sheet as of March 31, 2017, were recognized in equity under retained earnings within the Ind AS Balance Sheet.

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following notes and reconciliations.

I. Exemptions and exceptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Indian GAAP to Ind AS.

A) Deemed cost:

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their Indian GAAP carrying values.

B) Leases:

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/arrangements.

C) Designation of previously recognised financial instruments:

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity investments.

D) Estimates:

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP [after adjustments to reflect any difference in accounting policies], unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2017 are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

- i. Investment in equity instruments carried at FVPL or FVOCI;
- ii. Investment in debt instruments carried at FVPL; and
- iii. Impairment of financial assets based on expected credit loss model.

E) Classification and measurement of financial assets:

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

F) De-recognition of financial assets and liabilities:

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.



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DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 101: FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS (Contd.)

III. Reconciliation of equity as at 31st March, 2018

	Reference	Indian GAAP	Adjustments	IND AS
ASSETS				
1. NON-CURRENT ASSETS:				
(a) Property, Plant and Equipment		50,753.01	-	50,753.01
(b) Capital Work in Progress		133.46	-	133.46
(c) Intangible Assets		57,746.82	-	57,746.82
(d) Financial Assets				
(i) Investments	**	15.02	0.97	15.99
(ii) Loans			-	
(iii) Others		91.33	-11.11	80.22
(e) Other Non Current Assets		57.63	8.96	66.59
TOTAL NON-CURRENT ASSETS		1,08,797.27	(1.18)	1,08,796.09
2. CURRENT ASSETS				
(a) Inventories		1,096.52	-	1,096.52
(b) Financial Assets				
(i) Investments		6,207.97	146.24	6,354.21
(ii) Trade Receivables		8,481.94	-	8,481.94
(iii) Cash and Cash Equivalents		2,835.51	-	2,835.51
(iv) Bank balances other than above (ii)		1,385.49	-	1,385.49
(v) Loans		6.23	-	6.23
(vi) Others		67.32	-	67.32
(c) Other Current Assets		1,928.00	-	1,928.00
TOTAL CURRENT ASSETS		22,008.98	146.24	22,155.22
TOTAL ASSETS		1,30,806.25	145.06	1,30,951.31
EQUITY AND LIABILITIES				
EQUITY:				
(a) Equity share capital		96,000.00	-	96,000.00
(b) Other equity	** , #, %, \$, @	-651.04	723.70	72.66
		95,348.96	723.70	96,072.66
LIABILITIES				
1. NON-CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	@	14,369.89	-	14,369.89
(ii) Trade Payables		159.96	-	159.96
(iii) Others	**	8,640.67	-	8,640.67
(a) Deferred Tax Liabilities (Net)		53.41	-	53.41
(c) Other Non Current Liabilities				
TOTAL NON-CURRENT LIABILITIES		23,223.93	0.00	23,223.93
2. CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings		1,358.73	-	1,358.73
(ii) Trade Payables		1,762.76	-	1,762.76
(iii) Other Financial Liabilities		8,413.95	-578.64	7,835.31
(b) Other Current Liabilities		694.21	-	694.21
(c) Provisions		3.71	-	3.71
(d) Current Tax Liabilities (Net)				
TOTAL CURRENT LIABILITIES		12,233.36	-578.64	11,654.72
TOTAL LIABILITIES		35,457.29	-578.64	34,878.65
TOTAL EQUITY AND LIABILITIES		1,30,806.25	145.06	1,30,951.31



Reconciliation of total comprehensive income for the year ended 31st March, 2018

	Reference	Indian GAAP	Adjustments	IND AS
REVENUES				
Revenue from operations	~	30,049.26	-	30,049.26
Other income	**	301.04	154.36	455.40
Total REVENUE		30,350.30	154.36	30,504.66
EXPENSES				
Operating Expense	~	9,077.30	-	9,077.30
Employees Benefits Expense		2,312.83	-	2,312.83
Finance costs	@	1,149.54	7.51	1,157.05
Depreciation and amortization expense		10,286.12	-	10,286.12
Other expenses	**	2,563.81	-	2,563.81
TOTAL EXPENSES		25,389.60	7.51	25,397.11
PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		4,960.70	146.85	5,107.55
Exchange gain /(loss)		-	-	-
Exceptional items(net)		-	-	-
PROFIT BEFORE TAX		4,960.70	146.85	5,107.55
TAX EXPENSES				
Current tax		1,058.70	-	1,058.70
Deferred tax(credit)		3,980.80	-	3,980.80
Earlier years tax provisions (written back)		-	-	-
PROFIT FOR THE YEAR		(78.80)	146.85	68.04
OTHER COMPREHENSIVE INCOME:				
(A) (i) Items that will not be classified to profit or loss				
- Re-measurement gains/ (losses) on post employment defined benefit plans	%	-	-5.02	-5.02
(A) (i) Items that will be classified to profit or loss				
- Re-measurement gains/ (losses) on account of equity instruments	\$	-	0.97	0.97
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		-	-4.05	-4.05
TOTAL COMPREHENSIVE INCOME /(LOSS) FOR THE YEAR		(78.80)	142.80	63.99

Summary of reconciliation of net profit between previous Indian GAAP and Ind AS

Particulars	Rs. In lakhs As at 31/03/2018
Net profit under previous GAAP	(78.80)
Adjustment as per Ind AS	
On account of unwinding of security deposit balances	(7.51)
On account of fair valuation of financial assets	146.22
Re-measurement gains/ (losses) on post employment defined benefit plans	8.17
Net profit as per Ind AS	68.08
Actuarial loss on employee defined benefit plan - through OCI	-5.02
Re-measurement gains/ (losses) on account of equity instruments	0.97
Total comprehensive income	64.03



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**** Fair Valuation adjustments for financial assets and financial liabilities:**

- Under IGAAP, security deposits given and taken were required to be carried at book value. Under Ind AS, the said concept has shifted from book value to fair value hence the same has been adjusted after considering FVTPL

Deferred Tax on Ind AS adjustments:

IGAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under IGAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

% Actuarial loss on defined benefit plan:

Both under IGAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

\$ Effect of changes in revaluation surplus:

Para 39 to 42 of the Ind AS 16 "Property, Plant & Equipment" mandates that any change in the revaluation surplus is required to be routed through other comprehensive income (OCI). Accordingly, additional depreciation arising out of revalued property is also required to be routed through OCI account. The said effect has been eliminated from statement of profit and loss and has been shown under OCI

@ Fair valuation of borrowing through profit and loss account

Ind AS 109 mandates financial instruments that are classified as fair value through profit or loss account to be fair valued whenever the financial statements are prepared. As per the provisions of Ind AS 109, where any transaction costs have been incurred at the time of obtaining term loan, then the said costs are required to be amortized at "Effective Interest Rate" (EIR) in time span of the said term loan.

~ Others:

Sale of goods:

Under the IGAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses.

Other comprehensive income:

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' include remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments and corresponding tax impact thereon. The concept of other comprehensive income did not exist under previous GAAP.



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1. CORPORATE INFORMATION

The consolidated financial statements comprise financial statements of Deep Industries Limited (Formerly Known as Deep CH4 Limited) ["the Parent"] and its Subsidiaries [collectively, "the Group"] for the year ended March 31, 2018. The Group operates as an integrated Group with business encompassing to serve the oil & gas industry. The service portfolio of the Group includes Air and Gas compression, Gas Dehydration, Work over, Drilling. The registered office of the Parent is located at 12A &14, Abhishree Corporate Park, Ambli Bopal Road, Ambli, Ahmedabad - 380058.

2. BASIS OF PREPARATION

The special purpose financial statements of the Company for the period year ended 31st March ,2018 have been prepared in accordance with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, for the limited purpose of inclusion in the Information Memorandum prepared by the Company in connection with proposed listing of its equity shares in terms of requirements of relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018, as amended, and to be filed by the Company with the Securities and Exchange Board of India and the Stock Exchanges where the equity shares of the Company are proposed to be listed. The financial statements have been prepared after giving effect to the Scheme of Arrangement for demerger of Oil and Gas Services Undertaking of Deep Energy Resources Limited (Formerly Deep Industries Limited) into the Company (having appointed date of 1 April 2017) sanctioned by the National Company Law Tribunal, Ahmedabad bench, vide its order dated 17 March 2020.

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



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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 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].



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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 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.



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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:

- 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.



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- 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.

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



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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.

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:



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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.

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.



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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

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.



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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 recognizes MAT credit as an asset, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes it down to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period and utilize the MAT Credit Entitlement.

3.10 Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs which are not specifically attributable to the acquisition, construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a weighted average capitalization rate. The weighted average rate is taken of the borrowing costs applicable to the outstanding borrowings of the company during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized cannot exceed the amount of borrowing costs incurred during that period.

3.11 Earnings per equity share

Basic earnings per share is calculated by dividing the net profit or loss from continuing operation and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

3.12 Provisions, Contingent Liabilities and Contingent Assets:

Provision is recognized when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made.

A disclosure for contingent liability is made when there is a possible obligation, that may, but probably will not require an outflow of resources. When there is a possible obligation or a present



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obligation in respect of which the likelihood of outflow of resources is remote, no provision/disclosure is made. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognized in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are renewed at each balance sheet date.

3.13 Cash and Cash Equivalent

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.



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4. 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. Pursuant to the Scheme, assets & liabilities of the Oil and Gas Services business has been transferred and vested into the company at the values appearing in the books of the Demerged Company as on opening of business hours on 01st April 2017. The particulars of assets and liabilities transferred are as follows:

Assets	Amount (Rs. in Lacs)
Fixed Assets	51,689.39
Capital Work In Progress	3,352.83
Investment	4.16
Stock	1,055.93
Trade Receivable	6,646.92
Cash & Bank	521.33
Fixed Deposit account	926.67
Other current assets	153.33
Other assets	1,475.28
Total	65,825.84
Liabilities	
Loans	27,364.55
Deferred Tax Liability	4,659.87
Trade Payable	554.79
Other Liability	1,394.09
	33,973.30

In accordance with the scheme, share holders of demerged company to be allotted 3,20,00,000 equity shares at 300 rupees (290 security premium and 10 FV). Pursuant to the Scheme, after issued of equity share and the surplus of the assets over liabilities, appearing as Goodwill in CH4

