

June 24, 2015

To,

The Board of Directors,

Deep Industries Limited

12A & 14 Abhishree Corporate Park,

Ambli Bopal Road,

Ambli,

Ahmedabad - 380 058

Sub: Fairness Opinion on the report of M/s. Jayesh M Shah & Co., Chartered Accountants, Ahmedabad with respect to the proposed Amalgamation of Kanvel Finance Private Limited, Kanvel Oil and Gas Private Limited, Prabhavati Properties Private Limited, Savla Enterprises Private Limited and Yash Organochem Private Limited with Deep Industries Limited.

Dear Sirs,

Vivro Financial Services Private Limited ('Vivro', 'we', 'us', 'our'), refer to our engagement letter of Deep Industries Limited ('Deep', 'DIL', 'you', 'your') dated June 11, 2015 whereby you have appointed us as an Independent Merchant Banker for furnishing a "Fairness Opinion" on the valuation carried out by M/s. Jayesh M Shah & Co., Chartered Accountants, ("Valuer"), vide its Valuation Report dated June 22, 2015 pursuant to Clause 24(f) of the Listing Agreement for the proposed Scheme of Amalgamation of Kanvel Finance Private Limited (KFPL), Kanvel Oil and Gas Private Limited (KOGPL), Prabhavati Properties Private Limited (PPPL), Savla Enterprise Private Limited (SEPL) and Yash Organochem Private Limited (YOPL) with Deep Industries Limited (DIL) pursuant section 391-394 of the Companies Act, 1956.

1. SOURCE OF INFORMATION

We have relied on the following information made available to us by the management of all the Companies for purpose of this opinion:

1. Memorandum and Articles of Association of DIL, KFPL, KOGPL, PPPL SEPL and YOPL.
2. Audited Accounts of all the Companies i.e. DIL, KFPL, KOGPL, PPPL SEPL and YOPL for the Financial Year ended on March 31, 2015, March 31, 2014 and March 31, 2013.
3. Valuation Report prepared by M/s. Jayesh M Shah & Co., Chartered Accountants, dated June 22, 2015 for the purpose of ascertaining share exchange ratio for the proposed Scheme of Amalgamation of KFPL, KOGPL, PPPL SEPL and YOPL with DIL.
4. Draft Scheme of Arrangement in nature of Amalgamation between KFPL, KOGPL, PPPL SEPL, YOPL and DIL.

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5. Shareholding Pattern of all the Companies as on March 31, 2015.
6. Representation by the Management of all the Companies regarding Scheme of Amalgamation.
7. Such other information and explanations as required and which have been provided by the management of the Companies, which were considered relevant for purpose of carrying out this assignment.

2. DISCLAIMER

This Fairness Opinion Report is prepared by Vivro Financial Services Private Limited under an engagement from Deep Industries Limited on the basis of information, documents, papers, and explanations given by the management, officers and staff of KFPL, KOGPL, PPPL SEPL, YOPL and DIL to Vivro.

In preparing the Fairness Opinion Report, Vivro has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and financial data provided by all the Companies. Vivro has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information.

Vivro has also considered the proposed Scheme of amalgamation as furnished. It is assumed that the proposed Scheme will be consummated in accordance with the expected terms.

Vivro shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly on account of the use of or reliance on the information set out herein in this report.

Vivro has not provided any accounting, tax or legal advice to any Company involved in the transaction. Fairness Opinion Report should not be construed as investment advice or any form of recommendation either for making or divesting investment in any of the companies involved in the transaction.

This Opinion is furnished on a strictly confidential basis. Neither this Opinion nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above or as may be required under applicable laws and regulation.

The fee for our services is not contingent upon the results of the proposed amalgamation. This opinion is subject to Laws of India.

This Report is necessarily based on various factors and conditions as of the date hereof, and the written and oral information made available to us until June 24th, 2015. It is understood



that subsequent developments may affect the conclusions of the Report and of the Opinion and that, in addition, Vivro has no obligation to update, revise, or reaffirm the Opinion.

3. LIMITATIONS -

Our report is subject to the scope limitations detailed hereinafter. The report should be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

1. In course of the present exercise, we were provided with both written and verbal information, including financial data. Our report is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financial statements and the information and representations furnished to us without carrying out any audit or other tests to verify the accuracy with limited independent appraisal. Also, we have been given to understand by the managements of the companies that they have not omitted any relevant facts and material factors. Accordingly, we do not express any opinion in any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever for any errors in the above information furnished by the companies and their impact on the present exercise.
2. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.
3. Our work does not constitute an audit or certification or due diligence of the past financials of KFPL, KOGPL, PPPL SEPL, YOPL and DIL used in the study and we have relied upon the information provided to us by the management of all the Companies as regards such working results.
4. We express no opinion whatsoever and make no recommendation at all to the companies underlying decision to effect the proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection with the proposed Scheme. We accept no responsibility as to the prices at which the equity shares of DIL will trade following the announcement of the proposed Scheme or as to the financial performance of DIL following the consummation of the proposed Scheme.
5. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed merger with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon, in their respective jurisdiction.



6. No investigation of the companies claim to the title of assets or property owned by the companies has been made for the purpose of the fairness opinion. With regard to the companies claim we have relied solely on representation, whether verbal or otherwise made, by the management to us for the purpose of this report.
7. Our analysis and results are also specific to the date of this report. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the companies have drawn our attention to all the matters, which they are aware of considering the financial position of the Companies, their businesses, and any other matter, which may have an impact on our opinion for the proposed amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed Appointed Date of the proposed Scheme. We have no responsibility to update this report for events and circumstances occurring after the date of this report. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.

4. BACKGROUND OF COMPANIES

DEEP INDUSTRIES LIMITED (DIL)

- Deep Industries Ltd is a public company incorporated under the provisions of the Act on January 01, 1991 under the name and style of Deep Roadways Private Limited. Subsequently the name of the Company was changed to Deep Industries Private Limited and the word Private was deleted by virtue of the Company being a Deemed Public Limited Company under the provisions of section 43A(IB) of the Companies Act 1956 on February 06, 1997. The Company became a Public limited Company w.e.f. May 02, 2002 and a fresh certificate of incorporation, consequent to change of name was issued in the name of Deep Industries Limited on May 02, 2002.
- The registered office of the Company is situated at 12A & 14 Abhishree Corporate Park, Ambli Bopal Road, Ambli, Ahmedabad 380 058, Gujarat.
- It is an Oil and Gas Exploration Company with business interest in air and natural gas compression services, work over and drilling rig services as well as oil and gas exploration and productions.
- The equity shares of DIL are listed on the BSE Limited and National Stock Exchange of India Ltd.
- DIL has an Authorized Share Capital of INR 3,500.00 Lacs divided into 3,50,00,000 equity shares of INR 10/- each and Paid up Share Capital of INR 2,920.00 Lacs comprising of 2,92,00,000 Equity Shares of Rs.10/- each.



- The Shareholding Patter of DIL as on March 31, 2015 is given below:

Category	No. of Shares	% of holding
Promoter	1,98,95,025	68.13
Public	93,04,975	31.87
Total	2,92,00,000	100.00

KANVEL FINANCE PRIVATE LIMITED:

- Kanvel Finance Private Limited was incorporated on January 03, 1995 under the provisions of the Companies Act, 1956.
- The registered office of the Company is situated at 13, Krishna Society, Opp. Ellisbridge Gymkhana, Ellisbridge, Ahmedabad, Gujarat.
- It acts as Investment holding company. It is a promoter company of Deep Industries Ltd and is shown in promoter category in the share holding pattern filed by Deep industries Limited in terms Clause 35 of the Listing Agreement.
- KFPL has an Authorized Share Capital of INR 475.00 Lacs divided into 47,50,000 equity shares of INR 10/- each and Paid up Share Capital of INR 471.06 Lacs comprising of 47,10,560 Equity Shares of Rs.10/- each.

KANVEL OIL AND GAS PRIVATE LIMITED:

- Kanvel Oil And Gas Private Limited was incorporated on October 01, 2009 under the provisions of the Companies Act, 1956.
- The registered office of the Company is situated at 13, Krishna Society, Near Law Garden, Ellisbridge, Ahmedabad -380006.
- It was incorporated to carry on the business of oil and gas exploration and production.
- Kanvel Finance Private Limited along with its nominees holds 100% of paid up equity share capital of Kanvel Oil and Gas Pvt. Ltd.
- KOGPL has an Authorized Share Capital of INR 1.00 Lac divided into 10,000 equity shares of INR 10/- each and Paid up Share Capital of INR 1.00 Lac comprising of 10,000 Equity Shares of Rs.10/- each.



PRABHAVATI PROPERTIES PRIVATE LIMITED:

- Prabhavati Properties Private Limited was incorporated on March 24, 2004 under the provisions of the Companies Act, 1956.
- The registered office of the Company is situated at 6th Floor, Astron Tower, Opp. Fun Republic Cinema, Satellite, Ahmedabad.
- It is engaged in the business of leasing of land, properties and buildings.
- It is promoter Company of Deep Industries and is shown in promoter category in the share holding pattern filed by Deep industries Limited in terms Clause 35 of the Listing Agreement.

SAVLA ENTERPRISE PRIVATE LIMITED:

- Savla Enterprise Private Limited was incorporated on April 02, 1985 under the provisions of the Companies Act, 1956.
- The registered office of the Company is situated at 601, 6th floor, Astron tower, Opp. Fun Republic Cinema, Satellite, Ahmedabad.
- It is engaged in the business of oil and gas exploration and production.
- It is promoter Company of Deep Industries and is shown in promoter category in the share holding pattern filed by Deep industries Limited in terms Clause 35 of the Listing Agreement.

YASH ORGANOCEM PRIVATE LIMITED:

- Yash Organochem Private Limited was incorporated on August 24, 1999 under the provisions of the Companies Act, 1956.
- The registered office of the Company is situated at having its registered office at 6th Floor, Astron Tower, Opp. Iscon Temple, Gandhinagar Sarkhej Highway, Ahmedabad.
- It is engaged in the business of oil and gas exploration and production.
- It is promoter Company of Deep Industries and is shown in promoter category in the share holding pattern filed by Deep industries Limited in terms Clause 35 of the Listing Agreement.



5. SCOPE AND PURPOSE OF THIS REPORT

As per our discussion with the management of Deep Industries Limited and based on the Valuation report of M/s. Jayesh M. Shah & Co., we understand that the Board of Directors of DIL have considered and proposed a Scheme of Amalgamation of KFPL, KOGPL, PPPL, SEPL and YOPL with DIL, pursuant to the provisions of section 391 to 394 read with Section 100 to 103 and other relevant provisions of the Companies Act, 1956 and the applicable provisions of the Companies Act, 2013, in order to make the current shareholding structure more efficient. KFPL, KOGPL, PPPL, SEPL and YOPL are promoter companies of DIL. The promoters of KPPL, KOGPL, PPPL, SEPL and YOPL are also in turn promoters of DIL. The promoters of DIL are hence desirous of streamlining their current shareholding in DIL.

In order to comply with the requirements of the regulations, the Companies have appointed M/s. Jayesh M Shah & Co., Chartered Accountants, Ahmedabad as the Valuer.

The Management of Deep Industries Limited has engaged Vivro Financial Services Private Limited, a SEBI registered Category I Merchant Banker bearing registration number INM000010122, to submit a report on the Fairness of the Report provided by the Valuer. Our scope of work only includes forming an opinion on the fairness of the recommendation given by the Valuer on the exchange ratio arrived at for the purpose of the proposed Scheme of Arrangement and not on the fairness or economic rationale of the amalgamation per se.

This report is subject to the scope, assumptions, limitations and disclaimers detailed above. As such the report is to be ready in totality, not in parts and in conjunction with the relevant documents referred to herein. This report has been issued only for the purpose of facilitating the Amalgamation and as per the requirement of Clause 24(f) of the Listing Agreement and should not be used for any other purpose.

6. VALUER'S RECOMMENDATION

After reviewing the proposed Scheme of Amalgamation and other relevant information, it has been recommended by the Valuer that following number of shares shall be issued to the shareholders of all the Transferor Companies by the Transferee Company.

- **KFPL:**
4,591,080 Equity Shares of DIL (Face Value of Rs. 10/- each) to be issued and allotted to the shareholders of KFPL in proportion of their holdings in KFPL.
- **KOGPL:**
Since KOGPL is a wholly owned subsidiary of KFPL, upon amalgamation of KFPL with DIL, KOGPL shall become a wholly owned subsidiary of DIL. Consequently upon amalgamation of KOGPL with DIL, no equity shares of DIL shall be issued and allotted by DIL.



- **PPPL:**
2,282,500 Equity Shares of DIL (Face Value of Rs. 10/- each) to be issued and allotted to the shareholders of PPPL in proportion of their holdings in PPPL.
- **SEPL:**
3,121,000 Equity Shares of DIL (Face Value of Rs. 10/- each) to be issued and allotted to the shareholders of SEPL in proportion of their holdings in SEPL.
- **YOPL:**
1,263,500 Equity Shares of DIL (Face Value of Rs. 10/- each) to be issued and allotted to the shareholders of YOPL in proportion of their holdings in YOPL.

7. OUR OPINION ON THE VALUER REPORT

The fairness opinion has been prepared based on the Valuer's report and our analysis of the various factors relevant to the Companies, having regard to the information submitted, management representations, key underlying assumptions and limitations.

All the Transferor Companies belong to the Promoter category, as per shareholding pattern filed by the Company in terms of Clause 35 of the Listing Agreement.

In view of the above mentioned discussion and analysis, it is our opinion that the Valuer's recommendation of the exchange ratio for the proposed Scheme of Amalgamation of Kanvel Finance Private Limited, Kanvel Oil and Gas Private Limited, Prabhavati Properties Private Limited, Savla Enterprises Private Limited and Yash Organochem Private Limited with Deep Industries Limited is Fair.

For, Vivro Financial Services Private Limited


Jayesh Vithlani
(Sr. Vice President & Co. Secretary)



Date: June 24, 2015

Place: Ahmedabad