

## SELAN EXPLORATION TECHNOLOGY LTD.

Regd. Office : J-47/1, Shyam Vihar, Dindarpur, Najafgarh, New Delhi – 110 043

### NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of Selan Exploration Technology Limited will be held at Air Force Auditorium, Subroto Park, Dhoola Kuan, New Delhi – 110 010, on 05 August 2013, at 10 : 00 A.M. to transact the following business :

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March 2013 and Profit and Loss Account for the year ended on that date along with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. S. K. Singh, who retires by rotation and being eligible for re-appointment, offers himself for re-appointment.
3. To appoint M/s V. Sankar Aiyar & Co., Chartered Accountants, as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on such remuneration as may be fixed by the Board of Directors of the Company.
4. To declare the interim dividend of 50% amounting to ₹5/- per share paid during the year as final dividend for the year 2012-13.

#### **SPECIAL BUSINESS**

**To consider and if thought fit, to pass, with or without modification(s) the following resolutions :**

#### **AS ORDINARY RESOLUTION**

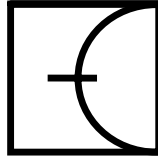
##### **5. APPOINTMENT OF DIRECTOR**

“RESOLVED THAT pursuant to the provisions of Section 260 and other applicable provisions, if any, of the Companies Act, 1956, Dr. Derek J. Corbishley who was appointed as an Additional Director with effect from 16 February 2013 on the Board of the Company, and for the appointment of whom the Company has received a notice in writing together with a prescribed fees under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

##### **6. RE-APPOINTMENT OF WHOLE-TIME DIRECTOR**

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to approval of Central Government / Ministry of Company Affairs (MCA), if required, the appointment of Mr. Rohit Kapur as Whole-Time Director of the Company for a period of five years with effect from 01 October 2013 on a remuneration, including salary, commission and perquisites, as per Part II of Schedule XIII of the Companies Act, 1956, as amended from time to time and such other guidelines as may be issued hereinafter in this regard be and is hereby approved.

RESOLVED FURTHER THAT such payment may be made by way of a monthly remuneration or otherwise as legally permissible and that the Remuneration Committee of the Board be and is hereby fully empowered to make these payments within the overall ceilings stipulated by law.



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RESOLVED FURTHER THAT the payment of commission be permitted in accordance with Section 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, in addition to the salary and perquisites as spelt out in Categories A, B and C of Part II of the Schedule XIII and within the limits therein stipulated and also to such other benefits such as reimbursement of reasonable repairs and maintenance of his residence as may be permitted by circulars or prevailing laws.

RESOLVED FURTHER THAT notwithstanding anything to the contrary contained herein, in the absence or inadequacy of profits, the payment of a minimum remuneration of ₹2,00,000 (Rupees Two Lacs only) per month to Mr. Rohit Kapur be and is hereby approved, with the stipulation that variation to this amount be and are hereby also approved, such variations being caused by changes in the amount of minimum remuneration specified in this schedule or due to the change in the amount of effective capital of the Company.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as "the Board" which term shall include any duly authorised committee thereof, which the Board may constitute to exercise its powers, including the powers conferred by this resolution) be and is hereby authorised to do all such acts, deeds, matter and things for the purpose of giving effect to this resolution, including but not limited to the execution of the agreement between the Company on one part and the Whole-Time Director on the other part and the compliance of the requirements of Section 302 of the Act, filing of e-forms as per the provisions of the Companies Act, 1956, and that the Board is further empowered to alter, vary and modify the terms and conditions of the said appointment / remuneration, as may be deemed fit, proper and expedient or as may be necessary to comply with any conditions that the authorities may stipulate in their approval.

RESOLVED FURTHER THAT the arrangement / agreement entered between Mr. Rohit Kapur and the Company pursuant to the authority conferred by this resolution shall, notwithstanding any prior resolution / agreement / arrangement, be the full and complete arrangement in regard to appointment and remuneration of Mr. Rohit Kapur as Whole-Time Director."

**By Order of the Board  
for SELAN EXPLORATION TECHNOLOGY LTD.**

**11 May 2013**  
New Delhi

**DEEPA BHALLA**  
Company Secretary

### NOTES :

- 1) A member entitled to attend and vote is entitled to appoint a proxy and such proxy need not be a member of the Company. The instrument appointing proxy may be sent in the form enclosed and in order to be effective must reach the Registered Office of the Company at least 48 hours before the Meeting.
- 2) Members are requested to notify change in their address, if any, quoting their folio number to the Registrar and Share Transfer Agents, MCS Ltd., Unit : Selan Exploration Technology Ltd., F-65, First Floor, Okhla Industrial Area Phase – I, New Delhi – 110020.
- 3) Register of Members and Share Transfer Books of the Company will remain closed from 29 July 2013 to 05 August 2013 (both days inclusive).
- 4) At the ensuing Annual General Meeting, Mr. S. K. Singh retires by rotation and being eligible offers himself for re-appointment. The information or details to be provided in respect of aforesaid Director under Code of Corporate Governance is as under :
  - a) Mr. S. K. Singh has extensive experience in the oil industry in Senior Management positions starting with Burmah – Shell followed by Shell and Bharat Petroleum Corporation Ltd. He has also been a member of the Board of Directors of SELAN since 25 September 2003.

- 5) Memorandum & Articles of Association of the Company and documents related to the resolutions will be available for inspection at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on all working days except Saturdays and will also be available at the meeting.
- 6) Ministry of Corporate Affairs ("MCA") has vide Circular No. 17/2011 dated 21.04.2011 & No. 18/2011 dated 29.04.2011 allowed the service of documents on members by a Company through electronic mode. Accordingly, as a part of its Green initiative in Corporate Governance and in terms of circulars issued by Ministry of Corporate Affairs allowing paperless Compliances through electronic mode, soft copy of the Annual Report for the Year ended 31st March 2013 has been sent to all the members whose email address is registered with the Company/ Depository Participant(s) unless any member has requested for a hard copy of the same. All those members, who have not yet registered their e-mail address with the Company/Depository Participant, are requested to do the same at the earliest.
- 7) The members are requested to send their queries, if any, on accounts or proposed resolutions at least 48 hours in advance of the meeting to the Company, so that the same may be answered satisfactorily at the meeting.
- 8) Members / Proxies should bring the Attendance slip duly filled-in for attending the meeting.

## **EXPLANATORY STATEMENT**

**(Under Section 173 (2) of the Companies Act, 1956)**

### **Item No. 5**

Dr. Derek J. Corbishley was appointed as Additional Director by the Board of Directors w.e.f. February 16, 2013 in accordance with the provisions of Section 260 of the Companies Act, 1956.

In a career spanning over three decades, Dr. Corbishley worked exclusively for Shell, after having spent a few years initially with the Department of Defense in the United Kingdom.

In a long and distinguished career with Shell worldwide, Dr. Corbishley has worked for Shell in Africa, South America and in Brunei, and at Shell Headquarters in the UK and in The Hague, Netherlands.

He has also served in India as Managing Director of Shell India for five years.

The Board feels that presence of Dr. Derek J. Corbishley on the Board would be beneficial to the Company.

None of the Directors, except Dr. Derek J. Corbishley is concerned or interested in this resolution.

Your Directors recommend the above Ordinary Resolution for approval.

### **Item No. 6**

Mr. Rohit Kapur, aged about 58 years, has held senior management positions with American Cyanamid Inc., a Fortune 100 Company, including General Manager of one of its worldwide subsidiaries. A graduate of Columbia College (BA) and Columbia Business School (MBA), he has been actively involved with SELAN since its inception.

The broad particulars of remuneration payable to and terms of the appointment of Mr. Rohit Kapur are as under :

The Whole-Time Director shall be entitled to the salary and perquisites and allowances of ₹4,00,000 (Four Lacs only) per month, leave travel allowance for self and his family including dependents, club fees, medical insurance, telephone expenses and such

## **EXPLANATORY STATEMENT**

**(Under Section 173 (2) of the Companies Act, 1956)**

other perquisites and/or allowances, subject to overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956. In addition to the salary, perquisites and allowances as above, the Whole-Time Director shall also be entitled to receive commission in terms of Section 309 or any other provisions of the Companies Act, 1956.

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of tenure of Mr. Rohit Kapur, the Company has no profits or profits are inadequate, the Company will pay remuneration of ₹2,00,000 (Rupees Two Lacs only) by way of Salary, besides perquisites and allowances as minimum remuneration, with the stipulation that variation to this amount be and are hereby also approved, such variations being caused by changes in the amount of minimum remuneration specified in this schedule or due to the change in the amount of effective capital of the Company. The Whole-Time Director shall also be allowed compensation for loss of office to the extent permissible u/s 318 of the Companies Act, 1956.

The Draft Agreement including other terms and conditions of employment to be entered into between the Company and Mr. Rohit Kapur are available for inspection at the Registered Office of the Company on any working day excluding Saturday, upto the date of the General Meeting between 11.00 a.m. and 1.00 p.m.

The terms and conditions set out for appointment and payment of remuneration herein and/or in the Agreement may be altered, varied and modified from time to time by the Board of Directors of the Company or a duly appointed Committee thereof, as may be deemed fit, proper and desirable, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) or any amendments made thereto.

The above remuneration of Mr. Rohit Kapur is approved by the Remuneration Committee of Board of Directors, subject to the approval of the members in General Meeting, after taking into account the remuneration profile with respect to nature of industry, size and activities of the Company and suitability of the incumbent.

The above details of remuneration of Mr. Rohit Kapur may also be treated as an Abstract and Memorandum of the terms of the contract between the Company and Mr. Rohit Kapur under Section 302 of the Companies Act, 1956. Once GOI approval is received (if required), any change necessitated in the terms of appointment by such approval shall also be made known to the members by a notice / letter to comply with the requirements of Section 302.

None of the Directors, except Mr. Rohit Kapur is concerned or interested in this resolution.

Your Directors recommend the above Ordinary Resolution for approval.

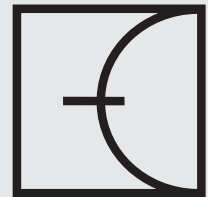
**By Order of the Board  
for SELAN EXPLORATION TECHNOLOGY LTD.**

**11 May 2013**  
New Delhi

**DEEPA BHALLA**  
Company Secretary

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

**ANNUAL REPORT 2012-13**



SELAN EXPLORATION TECHNOLOGY LIMITED

Late Mr. R. N. Kapur  
*Founder and Former Chairman*

### **BOARD OF DIRECTORS**

Mr. R. Kapur, *Chairman*

Mr. T. Currimbhoy • Mr. V. B. Mahajan • Mr. S. K. Singh • Dr. D. J. Corbishley

### **COMPANY SECRETARY**

Ms. Deepa Bhalla

### **AUDITORS**

V. Sankar Aiyar & Company, Chartered Accountants, New Delhi

### **COST AUDITOR**

S. N. Balasubramaniam

### **BANKERS**

Yes Bank • State Bank of India • Corporation Bank

### **REGISTERED OFFICE**

J-47/1, Shyam Vihar, Dindarpur, Najafgarh, New Delhi – 110 043

### **REGISTRARS AND SHARE TRANSFER AGENTS**

MCS Ltd., F - 65, First Floor, Okhla Industrial Area Phase – I, New Delhi – 110 020



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Annual Report for the year ended 31 March, 2013.

### Financial Review

The Company achieved the following results over the past two years :

	2010-11	2011-12	2012-13
Net Sales	709,490,752	927,295,571	970,589,105
EBIDTA	627,824,389	838,514,401	885,997,969
EBIDTA / Net Sales	88%	90%	91%

Total Reserves and Surplus of the Company have increased from ₹1,905,738,773/- to ₹ 2,209,466,928/- as on 31 March, 2013.

### Review of Operations

Operations during the year continued smoothly from our fields in Gujarat and production levels were in line with previous year, despite not having been able to drill any new wells during the year.

The Company continued to engage with Directorate of General Hydrocarbons (DGH) and Ministry of Petroleum and Natural Gas (MoPNG) for grant of approvals for drilling of new wells in all our fields. We expect that in 2013-14 drilling activity should take place at an accelerated pace as these approvals are received.

The Company has also been working closely with service providers to ensure that drilling operations can commence at the earliest. Some bottlenecks do exist, especially with respect to availability of drilling rigs of acceptable quality and adequate capacity.

The geology of Gujarat, include our Company's fields, consist of depletion drive reservoirs. In such cases, additional wells need to be drilled so as to offset declining rates of production from existing wells. The approval of new drilling programmes are, therefore, critical for the growth in production volumes.

Our Company, along with many other companies in the oil and gas industry face challenges in obtaining necessary approvals for drilling operations. In light of various developments in the industry in recent years, and the active involvement of the Comptroller and Auditor General of India new standards and thresholds for approvals have been created which must be complied with.

During the year the Company also received much awaited approvals of Environmental Clearance from the Ministry of Environment and Forest for drilling in some of its fields. We are hopeful, therefore, that production levels can begin to increase in the near future.

For further details regarding the Company's operations, please refer to the management analysis and discussion section of the Annual Report.

### Buyback of Equity Shares

The Board of Directors at its meeting held on 15.09.2012 unanimously approved the Buyback of upto 578,081 fully-paid equity shares of ₹10/- each (hereinafter referred to as "Buyback") at a price not exceeding ₹350 /- per equity share, payable in cash, upto an aggregate amount not exceeding ₹2,023.28 Lakhs, representing approximately 10% of the Company's total paid-up Equity Capital and Free Reserves as on 31 March, 2012.

The Buyback offer is open upto 13 September, 2013 or such earlier date as may be determined by the Company after necessary compliance. Pursuant to the aforesaid Buyback offer, the Company has bought back and extinguished 161,518 equity shares of ₹10/- each as on 31 March, 2013. Consequent, to the Buyback the paid-up equity share capital of the Company as on 31 March, 2013 has been reduced to 16,825,525 equity shares of ₹10/- each. The Buyback Committee constituted by the Board overseas all matters pertaining to the Buyback of equity shares of the Company.

### Final Dividend

The Directors are pleased to inform that in the FY. 2012-13, the Board of Directors have declared an interim dividend of 50%, i.e. ₹ 5/- per share, which shall be declared as final dividend for the year 2012-13 subject to approval by the shareholders of the Company in the forthcoming AGM.

### Board of Directors

Dr. D. J. Corbishley was inducted as an additional director with effect from 16 February, 2013 to hold office upto the ensuing annual general meeting of the Company. The brief details relating to Dr. D. J. Corbishley are furnished in the explanatory statement to the notice of the ensuing Annual General Meeting.

Mr. S. K. Singh retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

### Directors Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies

Act, 1956, the Board of Directors do hereby confirm that in the preparation of the Annual Accounts, the applicable Accounting Standards have been duly complied with, and the Directors have selected the necessary accounting policies and applied them consistently. Judgments / estimates have been made that are evenhanded and prudent, so as to give an accurate and rational view of the affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period. The Directors have also taken ample care for the maintenance of adequate accounting records in conformity with the provisions of Companies Act, 1956, for upkeep of the assets of the Company and for preventing and detecting fraud and other irregularities, and lastly that the Directors have prepared the annual accounts on a going concern basis.

### Auditors and their Report

The Auditors, M/s V. Sankar Aiyar & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Auditors' Report forms a part of this Annual Report.

### Cost Accounting Records

The Company has maintained Cost Records as required by Cost Accounting Record Rules (Petroleum Industry) 2002. In terms of the Ministry of Corporate Affairs order dated 02 May, 2011 Cost Records in respect of each year commencing from 01 April, 2011 has to be Audited by Cost Auditor, holding a valid certificate of practice under the provisions of Cost and Works Accountants Act 1959, In compliance with the aforesaid requirement the Cost Accounting Records of the company for the financial year 2012-13 are being audited by Mr. S. N. Balasubramanian, Qualified Cost Accountant. The Cost Audit for the year ended 31.03.12 was carried out by the same Auditor and the report was filed on 30 January, 2013 in XBRL mode.

However, the due date for filing of the Cost Audit Report in XBRL mode for the year ended 31 March, 2012 was 28 February, 2013.

The due date for filing the Cost Audit Report for the financial year ended 31 March, 2013 is 30 September, 2013.

### Corporate Governance Report

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis and a Report on Corporate Governance alongwith certificate from Auditors regarding compliance of conditions of Corporate Governance is annexed to Directors' Report. A declaration by the CEO (Manager) regarding the compliance with the Code of Conduct also forms part of this Annual Report.

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The activities undertaken by your Company do not fall under the scope of disclosure of particulars under Section 217(1)(e) of the Companies Act, 1956, to the extent where it relates to the conservation of energy and technology absorption. Particulars with regard to foreign exchange outgo appear as point no. 39 of the Notes forming Part of the Accounts.

### Personnel

The names and particulars of the employees required to be disclosed, in terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of the annexure to the Director's Report. However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956 the Annual Report excluding the aforesaid annexure is being sent to the shareholders of the Company and others entitled thereto. Any member interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

### Acknowledgements

Your Directors place on record their gratitude and express their earnest appreciation for the valuable efforts of every employee of the organization without which the Company would not have been able to undertake the challenging targets in all areas of operations. We are fortunate to have such a team whose endeavors have laid a strong foundation for the success of the organization as a whole. Your Directors acknowledge the exemplary contribution made by the employees of the Company.

On behalf of the Company, we wish to convey our appreciation to the Ministry of Petroleum and Natural Gas (MoPNG), Directorate General of Hydrocarbons (DGH), Ministry of Environment and Forests (MoEF), Government of India and the Bankers of the Company for their continuous support, cooperation, and guidance. The Directors value the trust shown by the shareholders in their ability to manage the Company. We expect that with the ongoing encouragement and support of our shareholders, we shall be successful in achieving the desired objectives in the near future.

For and on Behalf of the Board

Date : 11 May, 2013  
Place : New Delhi

R. KAPUR  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industry Structure and Developments

The oil and gas industry is passing through a difficult period at the present time, with great concern for the level of risk companies can undertake in trying to achieve their business plans. While domestic production of crude oil remained almost at the same level for the current year, the growth in oil demand accelerated throughout the year.

The government is in the process of moving towards an environment in which there is far greater accountability with respect to the activities of the private sector companies operating in the country.

The process of obtaining necessary statutory / regulatory approvals for investment programs still takes longer periods of time. However, the higher oil prices prevalent for the past two to three years have provided significant opportunities for investment in India and abroad in exploration / production of oil and gas.

In addition, certain high profile arbitration cases currently in progress at the present time, could have far reaching implications for all the companies operating in the industry.

### 2. Outlook

Production Sharing Contracts (PSCs) with the Government of India were signed by SELAN in 1995 for Bakrol, Indrora and Lohar oilfields. Further, the Company was also awarded Contracts for the Karjisan Gasfield and the Ognaj Oilfield with the Ministry of Petroleum and Natural Gas (MoPNG) in 2004.

The Company has received certain environmental and drilling approvals during the year. However, the approvals are now valid only for the fiscal year in which they are received, irrespective of how late in the fiscal year they are received. As such, the process is ongoing and unpredictable.

The Company has laid down diverse growth and expansion plans for its oil and gas fields; which shall lead to higher production of crude oil / gas. The Company plans to implement newer technologies along with the supervision and direction of experienced professionals for its planned growth and success.

Seismic data acquisition and workover of existing wells with drilling of new wells is being undertaken to give effect to the aforesaid plans. The Company shall, with the application of appropriate Reservoir Engineering and Production Engineering technologies suitable for the full scale development of the Company's oil and gas fields, aim at achieving the monetization of the Company's significant reserves base.

### 3. Segment-wise performance

Currently, the Company operates in only one Business Segment that is Production of Crude Oil and Natural Gas.

### 4. Operations and Financial Review

The operations and financial review is covered in the Directors' Report and is to be read as a part of this report itself.

### 5. Risks and Concerns

#### (i) Business Risks

Oil sector is a high yielding sector that involves equally high risks. Data acquired for seismic evaluation of oilfields & reservoir modeling involves interpretation by latest software technology and advanced equipment which is capital intensive in nature and, therefore, prone to obsolescence alongwith uncertainty in results.

The Drilling Activities are carried out using advanced drilling rigs and ancillary rig equipments. Further, necessary safety and

security measures have to be employed prior to any drilling activity.

However, the basic environmental & natural risks cannot be completely overlooked and therefore drilling activity poses an enormous challenge. The ebb and flow in international oil prices as well as in the dollar value of the rupee is another factor which adds to the unpredictability of profits in this industry.

#### (ii) Project Constraints

There are various project constraints which add on to the risk factors of the Company. Drilling rigs and associated oilfield services have been a major problem in the region where the Company operates. With the limited number of service providers available, the Company is required to tie-up with oilfield services suppliers as much as a year in advance in order to execute its scheduled drilling programmes.

Complying with international tendering procedures, import from abroad of long lead items and lining up of rig and allied services represents a challenging time line.

Another area of concern is the delay in land acquisitions, which affects the various development and production activities to be implemented.

Any unanticipated delays in receiving timely clearances from MoEF and in mobilizing the drilling rig and associated oilfield services is a potential project constraint for the Company.

#### (iii) Financial, Legal and Contractual Risks

SELAN carries minimum financial risk.

Currently, the Company has a policy of using debt financing only for short term requirements besides using its own accumulated reserves.

### 6. Internal Control Systems and their Adequacy

SELAN ensures proper and adequate Internal Control systems at all times, so that all its assets and resources are safeguarded and protected against loss due to unofficial or illicit use / disposition. Transactions take place under due authority / power and are received and reported in a prudent manner. Our Internal Control System is designed in such a manner that financial and other records are completely reliable and authentic for preparing financial statements and for maintaining proper accountability for assets. These systems are reviewed by the Audit Committee in its quarterly meetings and suggestions are given to strengthen and regularly improve their application, keeping in view the dynamic business environment. Internal and external audits are conducted on a regular basis to ensure transparency and statutory compliance.

### 7. Human Resources Development / Industrial Relations

SELAN takes full pride in acknowledging its efficient, dedicated and hardworking team which has lead to optimum business returns for the Company. It has a simple hierarchy system, due to which the decision making process becomes quicker and simpler, mitigating the losses due to lengthy and time-consuming decision making processes. It facilitates and promotes an encouraging and professional working environment.

During the year, the Company was able to maintain harmonious and successful industrial relations. For now, and hopefully in the future, the Company foresees no major internal or external developments which shall adversely affect the business of the Company.





## CORPORATE GOVERNANCE

### 1. SELAN's philosophy on Code of Governance

At SELAN, we consider that Corporate Governance (as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges) is the foundation for building and sustaining growth and achieving success. SELAN follows the policy of full and fair disclosures in all its transactions, communications and dealings to all its shareholders, employees, creditors and government authorities ensuring empowerment of employees and collective decision making. SELAN believes in advocating the highest standards of Corporate Governance on a best efforts basis.

SELAN makes a concerted and conscious effort to achieve maximum possible utilization of resources and funds thereby enhancing and sustaining long term shareholders' wealth.

Ethical business conduct is the basis for efficient Corporate Governance. SELAN has a prescribed Code of Conduct which is displayed on the website of the Company. It is mandatory for the Board of Directors and Key Management Personnel to ensure compliance with this code on an annual basis. A declaration to this effect by the CEO (Manager) of the Company also forms part of this Annual Report 2012-13.

### 2. Board of Directors

#### i. Composition of Board

The Board of Directors of the Company comprises of :

- One Executive Director.
- Four Non – Executive Independent Directors.

Name of Director	Executive/ Non-Executive/ Independent	Number of Other Directorships	No. of Committee Memberships in other Companies		Attendance in Board Meetings	Attendance in Last AGM
			Chairman	Member		
R. Kapur *	Chairman and Whole-Time Director	-	-	-	10	Yes
S. K. Singh	Non – Executive and Independent Director	-	-	-	09	Yes
T. Currimbhoy *	Non – Executive and Independent Director	-	-	-	03	No
V. B. Mahajan	Non – Executive and Independent Director	-	-	-	09	Yes
D. J. Corbishley*	Non – Executive and Independent Director	-	-	-	01	No

\* Non – Resident Directors

Note: Directorships in Foreign Body Corporates, Private Limited Companies and Associations are excluded.

#### ii. Number of Board Meetings held and the dates on which held

There were 10 Board Meetings held during the financial year 2012-13, as per the provisions of Clause 49 of the Listing Agreement.

The dates on which the meetings were held are : 05 May, 2012, 02 July, 2012, 13 August, 2012, 28 August, 2012, 15 September, 2012, 10 November, 2012, 21 December, 2012, 09 February, 2013, 16 February, 2013 and 14 March, 2013. The Board has reviewed the compliance of all laws applicable to the Company.

### 3. Audit Committee

As per the provisions of the Listing Agreement, the Audit Committee of the Company was constituted on 9 May, 2000. The Committee now comprises of three members, out of which two are non-executive and independent directors. The Chairman of the Committee is also a non-executive and independent director, as per the requirements of the Listing Agreement. The Constitution of the Committee is as follows : Mr. V. B. Mahajan (Chairman), Mr. R. Kapur and Mr. S. K. Singh, Members.

*Brief description of terms of reference :*

1. Review of the financial reporting process and the Company's financial statements.
2. Review of the adequacy of accounting records as maintained in accordance with the provisions of the Companies Act, 1956.
3. Review of the adequacy of internal control system.
4. Such other powers and role as stipulated under Clause 49 of the Listing Agreement and Section 292 (A) of the Companies Act, 1956.

The Committee met four times during the financial year 2012-13 (on 01 May, 2012, 04 August, 2012, 27 October, 2012 and 24 January, 2013). All the Committee members were present at all the meetings.

### 4. Remuneration Committee

Constitution of Remuneration Committee is a non – mandatory requirement under the Listing Agreement with the Stock Exchanges. However, it has been made mandatory under Schedule XIII of the Companies Act, 1956. Therefore, a Committee of Independent Directors was constituted to determine the remuneration package of Executive Directors and Senior Management Personnel as and when appointed. The Committee comprises of Mr. S. K. Singh (Chairman), Mr. V. B. Mahajan and Mr. Rohit Kapur. The Chairman of the Committee is an independent director. The Committee met four times during the year (on 19 April, 2012, 02 July, 2012, 17 October, 2012 and 21 January, 2013) and all the members were present at these meetings.

#### Disclosure of Remuneration to Directors

Non-Executive Directors were not paid any remuneration except sitting fees (for attendance at each meeting of Board of Directors or Committee thereof). The Whole-Time Director was paid remuneration during the year as disclosed in Notes 34 & 36 of Notes on Accounts. The other Non-Resident Directors were not paid any remuneration or sitting fee during the year.

### 5. Shareholders Committee

The Board has also established a Shareholders / Investors Grievances Committee under the chairmanship of Mr. V. B. Mahajan with Mr. R. Kapur and Mr. S. K. Singh as Members for the specific purpose of redressal of shareholders / investors grievances and complaints etc. The committee met five times during the year. All the members of the Committee were present at these meetings. There were no pending shareholders complaints / grievance and transfer of shares as on 31 March, 2013.

The Company has designated an e-mail id of the Compliance Officer, specifically, to look after investor grievances and to resolve

them in a speedy manner, in compliance with Clause 47 (f) of the Listing Agreement.

**Compliance Officer**

Name : Ms. Deepa Bhalla  
 Designation : Company Secretary  
 E-mail Id : investors@selanoil.com

**6. Buyback of Share Committee**

The Board has established a Buyback of share Committee comprising of Mr. V. B. Mahajan as Chairman and Mr. R. Kapur and Mr. S. K. Singh as members to review the Buyback programme undertaken by the Company. The Committee met six times during the year and all the members were present at these meetings.

**7. General Body Meeting**

Location and time for last three Annual General Meetings were :

Year	AGM	Location	Date	Time
2009-10	AGM	Ashok Country Resort, New Delhi	15/09/2010	10 : 00 a.m.
2010-11	AGM	Ashok Country Resort, New Delhi	23/09/2011	10 : 00 a.m.
2011-12	AGM	Ashok Country Resort, New Delhi	08/08/2012	10 : 00 a.m.

**8. Disclosures**

(i) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large :

Mr. R. Kapur, the Whole-Time Director was paid remuneration during the year as disclosed in Notes 34 & 36 of Notes on Accounts.

(ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years :

None.

(iii) Disclosure on number of shares and convertible instruments held by non – executive directors :

Mr. S.K. Singh : 1,100  
 Mr. V.B. Mahajan : 6,248

**9. Means of Communication**

As per the requirements of the Listing Agreement and in order to give wider publicity the Half Yearly and Quarterly results are published, within 48 hours after the Board Meeting held to consider and take them on record, in leading national newspapers; and intimated to the Stock Exchanges (BSE / NSE). Periodic financial performance of the company indicating the quarterly results, shareholding pattern and the Annual Report are also available on the Company’s website i.e. www.selanoil.com

A Management Discussion and Analysis Report has been attached and forms part of this report.

**10. General Shareholder Information**

i. Annual General Meeting :

- Date and Time : To be decided  
 - Venue : To be decided

ii. Calendar for financial year 2013-14 (Tentative) :

Annual General Meeting	To be decided
Results for quarter ending 30 June, 2013	Fourth week of July, 2013
Results for quarter ending 30 September, 2013	Second week of November, 2013
Results for quarter ending 31 December, 2013	Second week of February, 2014
Results for quarter ending 31 March, 2014	Second week of May, 2014

iii. Book Closure Date :

To be decided

iv. Dividend :

During the year 2012-13, the Board of Directors of the Company had declared an interim dividend of 50% i.e. ₹5/- per share. This has been paid to the shareholders on 08 March, 2013. This is now being put for approval of the shareholders as final dividend for the year 2012-13 at the forthcoming AGM.

v. Listing of Equity Shares on Stock Exchanges :

Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

vi. Stock Code :

Scrip Code on Bombay Stock Exchange : 530075

Scrip Code on National Stock Exchange : SELAN (Equity)

vii. Stock Market Data :

MONTH	Bombay Stock Exchange (BSE)			
	SHARE PRICE (IN ₹)		SENSEX	
	HIGH	LOW	HIGH	LOW
Apr 2012	304.00	267.65	17,664.10	17,010.16
May 2012	293.75	263.55	17,432.33	15,809.71
Jun 2012	291.00	268.60	17,448.48	15,748.98
Jul 2012	309.40	256.00	17,631.19	16,598.48
Aug 2012	283.00	255.05	17,972.54	17,026.97
Sep 2012	350.00	266.15	18,869.94	17,250.80
Oct 2012	348.50	317.05	19,137.29	18,393.42
Nov 2012	330.00	295.00	19,372.70	18,255.69
Dec 2012	338.75	298.00	19,612.18	19,149.03
Jan 2013	339.90	290.00	20,203.66	19,508.93
Feb 2013	318.95	264.15	19,966.69	18,793.97
Mar 2013	289.95	248.00	19,754.66	18,568.43

viii. Registrar and Transfer Agents :

MCS Limited  
 F – 65, First Floor, Okhla Industrial Area Phase – I  
 New Delhi – 110 020

Tel # 011 - 4140 6149, Fax # 011 - 4170 9881



ix. Share Transfer System :

Share transfer requests received in physical form with demat requests are registered within an average of 15 days from the date of receipt. Share transfer requests received in physical form without demat requests are registered within an average of 20 days.

x. Distribution of shareholding as on 31 March, 2013 :

Category	No. of Shares Held as on 31.03.2013	% Holding
Promoters :		
- Indian	2,745,386	16.32
- Foreign	4,349,216	25.85
Mutual Funds / UTI	26,790	0.16
Financial Institution / Banks	815	0.005
Foreign Institutional Investors	13,500	0.08
Private Corporate Bodies	1,012,774	6.02
Indian Public	7,092,176	42.15
Trusts and Foundations	56,715	0.33
NRIs / OCBs	1,528,153	9.08
GRAND TOTAL	16,825,525	100.00

xi. Dematerialisation of shares :

95.53 % of the outstanding shares have been dematerialized upto 31 March, 2013.

Trading in equity shares of the Company is permitted only in dematerialized form w.e.f. 25 September, 2000 as per notification issued by the Securities and Exchange Board of India (SEBI).

xii. Liquidity :

The shares of the Company are listed on Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE). The shares of the Company are adequately liquid.

xiii. Field Locations :

Bakrol, Indrora and Lohar oilfields in the State of Gujarat. The Company also has Ognaj oilfield and Karjisan gasfield situated in the State of Gujarat.

xiv. (i) For transfer / dematerialisation of shares, payment of dividend on shares, interest and redemption of debentures, and any other query relating to the shares and debentures of the Company :

MCS Limited  
Unit : Selan Exploration Technology Ltd.  
F – 65, First Floor,  
Okhla Industrial Area, Phase – I  
New Delhi – 110 020

(ii) Any query on the Annual Report :

Company Secretary  
Selan Exploration Technology Ltd.  
J-47/1, Shyam Vihar, Dindarpur, Najafgarh  
New Delhi – 110 043

## AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To the Shareholders of

Selan Exploration Technology Ltd.

1. We have examined the compliance of conditions of corporate governance by Selan Exploration Technology Ltd. for the year ended 31 March, 2013, as stipulated in Clause 49 of the listing agreement of the Company with stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned listing agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for V. SANKAR AIYAR & CO.  
Chartered Accountants  
(Firm's Regn. No. 109208W)

Date : 11 May, 2013  
Place : New Delhi

M. S. Balachandran  
Partner  
Membership No. 024282

## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its Board of Directors and Senior Executives. The above mentioned code is available on the website of the Company.

I confirm that the Company has in respect of the financial year ended March 31, 2013 received from the senior management team of the Company and the members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

Date : 11 May, 2013  
Place : New Delhi

P. S. Oberoi  
Manager

PERSONS CONSTITUTING GROUP COMING WITHIN THE DEFINITION OF 'GROUP' FOR THE PURPOSE OF REGULATION 3 (1) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997, INCLUDE THE FOLLOWING:

1. Winton Roavic Associates (pending incorporation)
2. Winton Roavic Associates, LLP (pending incorporation)

## INDEPENDENT AUDITORS' REPORT

To the Members of Selan Exploration Technology Limited

### Report on Financial Statements

We have audited the accompanying financial statements of SELAN EXPLORATION TECHNOLOGY LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March, 2013 and the Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). The responsibility includes the design, implementation and maintenance of internal control 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by section 227(3) of the Act, we report that :

- a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors as on 31 March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

2. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 (4A) of the Act, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable, on the basis of information & explanations obtained and such checks as we considered necessary.



**ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE TO THE SHAREHOLDERS OF SELAN EXPLORATION TECHNOLOGY LIMITED**

1. i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- ii) The Management has physically verified the assets at the year end, the frequency of which in our opinion is reasonable. No material discrepancies were noticed on such verification.
- iii) Since there is no substantial disposal of fixed assets during the year, the preparation of financial statements on a going concern basis is not affected on this account.
2. i) The inventory of the Company consisting of crude oil, spares and consumables have been physically verified once during the year which, in our opinion is considered reasonable, keeping in view the size of the Company and nature of its business.
- ii) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- iii) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stock and the stock records have been adjusted in the books of accounts.
3. i) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii)(a) to (d) of the Companies (Auditors' Report) Order are not applicable.
- ii) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii)(e) to (g) of the Companies (Auditors' Report) Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weaknesses in internal control were either reported or noticed.
5. According to the information and explanations given to us, the particulars of contracts or arrangements that needed to be entered into a register maintained in pursuance of Section 301 of the Companies Act, 1956, have been so entered. However, there are no transactions exceeding the value of rupees five lakhs in respect of any party during the year.
6. During the year, the Company has not accepted deposits from public and consequently, the directives issued by the Reserve Bank of India and the provisions of Section 58A or 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed thereunder, are not applicable.
7. The Company did not have any internal audit during the year.
8. We have broadly reviewed the books of accounts maintained by the Company, pursuant to rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained and the required statements are in the process of compilation. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities the statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Cess and other statutory dues, though delay was observed in the payment of advance income-tax for which interest has been paid / provided. We are informed that there is no liability towards Employees State Insurance, Investor Education and Protection Fund, and Excise Duty for the year under audit. According to the information and explanations given to us, there are no undisputed amounts payable in respect of the aforesaid statutory dues, which have remained outstanding as at 31 March, 2013 for a period of more than six months from the date they became payable.
- ii) According to the records of the Company, there are no disputed dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Cess as on the year end.
10. The Company has no accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year or the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to financial institutions or banks. There are no debentures outstanding in the books of accounts at any time during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
13. The Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of Clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the records of the Company, term loans taken during the year have been applied for the purpose for which they were obtained.
17. According to the information and explanation given to us, the cash flow statements examined by us and on an overall examination of the financial statements of the Company, we report that funds raised on short term basis have not been used for long term investments.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. Since no debentures have been issued by the Company, the question of creating security or charge does not arise.
20. The Company has not raised any money during the year by way of public issue.
21. Based on the audit procedures performed and representation by the management, we report that no fraud on or by the Company has been noticed or reported during the year under audit.

For V. Sankar Aiyar & Co.  
Chartered Accountants  
(Firm's Regn. No. 109208W)

11 May, 2013  
New Delhi

M. S. BALACHANDRAN  
Partner (M.No: 024282)

## Balance Sheet as at 31 March, 2013

(in ₹)			
Particulars	Note No.	31 March, 2013	31 March, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	168,255,250	169,870,430
Reserves and Surplus	3	2,209,466,928	1,905,738,773
		2,377,722,178	2,075,609,203
<b>Non-current liabilities</b>			
Long term Borrowings	4	-	12,373,305
Deferred Tax Liabilities (net)	5	391,489,000	401,961,000
Long term Provisions	6	3,232,741	3,841,951
		394,721,741	418,176,256
<b>Current liabilities</b>			
Trade Payables	7	26,119,316	79,485,663
Other Current Liabilities	7	66,302,756	174,915,050
Short term Provisions	8	1,469,980	161,537
		93,892,052	254,562,250
<b>TOTAL</b>		<b>2,866,335,971</b>	<b>2,748,347,709</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets	9		
Tangible Assets		61,034,079	60,001,369
Intangible Assets		2,689,913	3,840,747
Capital work in progress (at cost) (Plant & Equipment)		30,041,310	17,979,310
Development of Hydrocarbon Properties (DHP)	10	1,104,619,094	1,189,561,705
Long term Loans and Advances	11	4,822,085	2,775,313
Inventories relating to DHP	12	92,043,697	89,851,367
		1,295,250,178	1,364,009,811
<b>Current Assets</b>			
Inventories	12	22,295,712	22,556,306
Trade receivables	13	154,780,353	199,415,621
Cash and Cash Equivalents	14	1,303,487,473	1,113,625,524
Short term Loans and Advances	15	44,943,568	15,650,212
Other Current Assets	16	45,578,687	33,090,235
		1,571,085,793	1,384,337,898
<b>TOTAL</b>		<b>2,866,335,971</b>	<b>2,748,347,709</b>
Significant Accounting Policies	1		
Other notes forming part of Accounts	26-43		

Annexure to our report of even date  
for V. SANKAR AIYAR & CO.  
Chartered Accountants  
Firm's Regn.no. 109208W

New Delhi  
11 May, 2013  
M.S. BALACHANDRAN  
PARTNER  
Membership No. 024282

DEEPA BHALLA  
COMPANY SECRETARY

R. KAPUR  
CHAIRMAN

S. K. SINGH  
DIRECTOR(S)

V. B. MAHAJAN



## Statement of Profit and Loss for the year ended 31 March, 2013

(in ₹)

Particulars	Note No.	31 March, 2013	31 March, 2012
<b>INCOME</b>			
Revenue from Operations	17	970,589,105	927,295,571
Other Income	18	126,136,032	108,302,392
<b>Total Revenue</b>		<b>1,096,725,137</b>	<b>1,035,597,963</b>
<b>EXPENSES</b>			
Operating Expenses	19	34,945,441	25,659,535
Handling and Processing Charges-Current Year		15,600,416	11,723,903
Handling and Processing Charges-Prior Years		-	19,698,997
Changes in Inventories of Finished Goods	20	(1,883,000)	(3,601,500)
Employee Benefits Expense	21	61,406,706	52,894,112
Finance Costs	22	6,146,089	41,986,048
Royalty and Cess		40,229,266	40,173,045
Development of Hydrocarbon Properties	23	83,108,471	264,436,542
Development of Hydrocarbon Properties Amortised		168,051,082	143,320,177
Other Expenses	24	60,428,339	50,535,470
Depreciation and Amortisation Expenses		12,586,972	13,294,954
		480,619,782	660,121,283
Transfer to: Development of Hydrocarbon Properties		(83,108,471)	(264,436,542)
<b>Total Expenses</b>		<b>397,511,311</b>	<b>395,684,741</b>
<b>PROFIT FOR THE YEAR BEFORE TAX</b>		<b>699,213,826</b>	<b>639,913,222</b>
Tax Expense :			
Current Tax		257,000,000	168,500,000
Taxes relating to earlier years		1,031,281	1,025,942
Deferred Tax		(10,472,000)	31,594,000
		247,559,281	201,119,942
<b>PROFIT FOR THE YEAR AFTER TAX</b>		<b>451,654,545</b>	<b>438,793,280</b>
Basic/diluted earnings per share	25	26.69	25.83
(face value of ₹ 10/- each)			
Significant Accounting Policies and	1		
Other notes forming part of Accounts	26-43		

Annexure to our report of even date  
for V. SANKAR AIYAR & CO.  
Chartered Accountants  
Firm's Regn.no. 109208W

New Delhi  
11 May, 2013

**M.S. BALACHANDRAN**  
PARTNER  
Membership No. 024282

**DEEPA BHALLA**  
COMPANY SECRETARY

**R. KAPUR**  
CHAIRMAN

**S. K. SINGH**  
DIRECTOR(S)

**V. B. MAHAJAN**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013**

Particulars	31 March, 2013	31 March, 2012
(in ₹)		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit/(Loss) Before Tax	699,213,826	639,913,222
Adjustments For :		
Depreciation	12,586,972	13,294,954
Interest Paid	6,146,089	41,986,048
Loss on Sale of Assets	1,181,735	55,697
Interest Income	(124,627,919)	(108,088,543)
Expenditure on Development of Hydrocarbon Properties Amortised	168,051,082	143,320,177
	63,337,959	90,568,333
Operating Profit Before Working Capital Changes	762,551,785	730,481,555
Adjustments For :		
Trade and other Receivables	27,806,687	(77,597,014)
Inventories	(1,931,736)	(13,855,950)
Trade and other Payables	(56,279,408)	4,831,849
	(30,404,457)	(86,621,115)
Cash Generated from Operations	732,147,328	643,860,440
Taxes Paid	(258,031,280)	(169,525,942)
Net Cash from Operating Activities	474,116,048	474,334,498
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Intercompany Deposit	(27,000,000)	-
Purchase of Fixed Assets and Capital Work in Progress	(26,221,743)	(20,800,834)
Expenditure on Development of Hydrocarbon Properties	(83,108,471)	(264,436,542)
Sale Proceeds of Fixed Assets	509,160	169,500
Interest Received	124,627,919	108,088,543
Net Cash from Investing Activities	(11,193,135)	(176,979,333)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Buyback of Shares of the company	(51,719,852)	-
Repayment of Long Term Borrowings	(117,373,305)	(261,581,300)
Dividend paid including Corporate Dividend Tax thereon	(97,821,718)	(59,228,297)
Interest Paid	(6,146,089)	(41,986,048)
Net Cash (Used in) / Raised from Financing Activity	(273,060,964)	(362,795,645)
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENT (A+B+C)</b>	189,861,949	(65,440,480)
Cash and Cash Equivalents as at 01.04.2012 (Opening Balance)	1,113,625,524	1,179,066,004
Cash and Cash Equivalent as at 31.03.2013 (Closing Balance) *	1,303,487,473	1,113,625,524

\* Includes ₹ 41,615,048/- (previous year ₹ 15,824,215/-) not available for ready use.

The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statements.

Annexure to our report of even date  
for V. SANKAR AIYAR & CO.  
Chartered Accountants  
Firm's Regn.no. 109208W

New Delhi  
11 May, 2013

**M.S. BALACHANDRAN**  
PARTNER  
Membership No. 024282

**DEEPA BHALLA**  
COMPANY SECRETARY

**R. KAPUR**  
CHAIRMAN

**S. K. SINGH**      **V. B. MAHAJAN**  
DIRECTOR(S)





## Notes on Accounts for the year ended 31.03.2013

### 1. Significant Accounting Policies

#### 1.01 Basis of preparation of financial statements :

The financial statements are prepared under historical cost convention, on a going concern basis and in accordance with applicable accounting standards under Companies (Accounting Standards) Rules, 2006, notified by the Central Government under Section 211(3C) of the Companies Act, 1956.

#### 1.02 Use of Estimates :

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amount reported in the financial statements and notes thereto. Differences between actual results and estimates are recognised in the period in which they materialise.

#### 1.03 Revenue Recognition :

Income on sale of crude oil and gas is accounted for net of VAT and recognised when the risk & rewards are transferred to the buyer's representative. Interest income is recognised on time proportion basis.

#### 1.04 Fixed Assets and Depreciation :

- a) Fixed Assets are shown at cost.
- b) Depreciation is provided on straight line method in the manner and at the rates specified in schedule XIV of the Companies Act, 1956. Depreciation on additions is charged from the month in which the asset is put to use.

#### 1.05 Valuation of Inventories :

- a) *Crude oil* : Valued at cost or net realisable value whichever is lower. Cost is calculated on absorption cost method.
- b) *Stores, spares and consumables* : at cost (on weighted average basis) or net realizable value, whichever is lower.

#### 1.06 Foreign Currency Transactions :

- a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of transaction.
- b) In terms of PSCs with Government of India, selling price of crude oil per barrel is to be determined FOB delivery point at the prevailing international market rates in US Dollars. However payment is receivable in Indian Rupees at the US Dollar / Rupee conversion rate prevailing at the time of payment.
- c) The PSC permits sale of gas to domestic users. Sale of Gas is based on rupee denominated rate as per contractual agreements.
- d) The accounts receivable and payable are restated at the rates prevailing on the balance sheet date and the resultant exchange difference is recognised in the Statement of Profit & Loss.

#### 1.07 Development of Hydrocarbon Properties :

Considering the nature of the oil industry and that Accounting Standard AS-26 being not applicable to Oil Industry, it is considered appropriate to show the development expenses of oil fields under "Development of Hydrocarbon Properties" as a separate item. Development of Hydrocarbon Properties includes the costs incurred on the collection of seismic data, drilling of wells, collection of log data, interpretation and reservoir modeling costs and other related expenditures. These expenditures are amortized over a period not exceeding the remaining period of the contract. The categorization/ allocation of expenses is done on a basis considered appropriate by the Management.

#### 1.08 Employee Benefits :

The Company makes regular contributions to duly constituted funds set up for Provident Fund and Family Pension Fund. In respect of accruing liability for gratuity, the employees have been covered under the Group Gratuity Scheme of Life Insurance Corporation of India. There is no prescribed rule for encashment of leave by employees.

#### 1.09 Leases :

The Company has not entered into any financial lease. Hire charges for equipment and rental for premises are treated as operating lease and charged to revenue.

#### 1.10 Deferred Tax :

In accordance with Accounting Standard 22 – Taxes on Income, deferred tax is recognised, subject to consideration of prudence, being the difference between accounting and taxable income that originate in one year and are capable of reversal in a subsequent year.

#### 1.11 Impairment of Assets :

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amounts, an impairment loss is recognized in the statement of profit and loss to the extent the carrying amount exceeds the recoverable amount. There is no impairment loss during the year.

#### 1.12 Provisions and Contingencies :

The Company creates a provision when there is a present obligation as result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.

## Notes to Financial Statements for the year ended 31 March 2013

Particulars	31 March, 2013	31 March, 2012
(in ₹)		
<b>2. SHARE CAPITAL</b>		
<b>Authorised :</b>		
29,000,000 (previous year 29,000,000) equity shares of ₹ 10/- each	290,000,000	290,000,000
100,000 (previous year 100,000) preference Shares of ₹ 100/- each	10,000,000	10,000,000
	300,000,000	300,000,000
<b>Issued, subscribed and fully paid :</b>		
16,825,525 (previous year 16,987,043) equity shares of ₹ 10/- each	168,255,250	169,870,430

Reconciliation of the number of shares - Equity

	31 March, 2013		31 March, 2012	
	No.	₹	No.	₹
At the beginning of the period	16,987,043	169,870,430	15,442,766	154,427,660
Issued during the year - Bonus issue	-	-	1,544,277	15,442,770
Bought back during the year	(161,518)	(1,615,180)	-	-
Outstanding at the end of the year	16,825,525	168,255,250	16,987,043	169,870,430

a) Rights, preferences and restrictions attaching to equity shares :

The Company has issued only one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

b) Equity Shares held by each shareholder holding more than 5% shares :

	31 March, 2013		31 March, 2012	
	No.	% of holding	No.	% of holding
Mr. R. Kapur	1,866,846	11.10%	1,866,846	10.99%
Winton Roavic Private Limited	1,501,000	8.92%	1,501,000	8.84%
Mrs. R. Kapur	1,206,000	7.17%	1,206,000	7.10%
Mr. A. Mahajan	1,185,910	7.05%	1,185,910	6.98%
Mrs. A. Mahajan	964,146	5.73%	964,146	5.68%

c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the five years preceding immediately before the reporting date :

Number of equity shares allotted as fully paid bonus shares by capitalisation of Securities Premium Account	1,544,277	1,544,277
Number of equity shares bought back by the Company	364,822	203,304

Particulars	31 March, 2013	31 March, 2012
(in ₹)		
<b>3. RESERVES AND SURPLUS</b>		
<b>Capital Reserve :</b>		
Profit on forfeiture of warrants/ forfeited shares		
Balance as per last financial statements	9,405,000	9,405,000
<b>Capital Redemption Reserve :</b>		
Balance as per last financial statements	42,872,340	42,872,340
Transfer from Securities Premium Reserve	1,615,180	-
	44,487,520	42,872,340
<b>Securities Premium Reserve :</b>		
Balance as per last financial statements	175,207,230	175,207,230
Less : Transfer to Capital Redemption Reserve	1,615,180	-
Less : Price paid for Buyback in excess of face value	50,104,672	-
	123,487,378	175,207,230



Particulars	(in ₹)	
	31 March, 2013	31 March, 2012
<b>General Reserve :</b>		
Balance as per last financial statements	177,054,374	127,054,374
Add: Transfer from Surplus	100,000,000	50,000,000
	277,054,374	177,054,374
<b>Site Restoration Fund :</b>		
Balance as per last financial statements	50,000	-
Transfer from Surplus	1,572,000	50,000
	1,622,000	50,000
<b>Surplus :</b>		
Balance as per last financial statements	1,501,149,829	1,171,634,846
Profit for the year as per the statement of Profit and Loss	451,654,545	438,793,280
	1,952,804,374	1,610,428,126
Less : Appropriations :		
Interim Dividend paid (@ ₹5/- per equity share)	(84,167,625)	(50,961,128)
Corporate Dividend Tax on above	(13,654,093)	(8,267,169)
Transfer to General Reserve	(100,000,000)	(50,000,000)
Transfer to Site Restoration Fund	(1,572,000)	(50,000)
	1,753,410,656	1,501,149,829
<b>Total of Reserves and surplus</b>	<b>2,209,466,928</b>	<b>1,905,738,773</b>

<b>4. LONG-TERM BORROWINGS</b>		
<b>Term loans - Secured :</b>		
<b>Indian rupee loans from :</b>		
Yes Bank Limited (Carrying interest @15.75% per annum, repayable in 16 equal quarterly installments of ₹6,250,000 each commencing from 03.04.2010)	-	25,000,000
<b>Foreign Currency Loans from :</b>		
State Bank of India (Carrying interest @14% to 14.50% per annum, repayable in 10 equal quarterly installments of ₹ 20,000,000 each commencing from 30.12.2010) (FC loan converted into Rupee Loan w.e.f. 17.09.2012)	-	92,373,305
<b>TOTAL</b>	-	117,373,305
Less : Current maturities of Long Term Borrowings shown in Current Liabilities (refer note 7.2)	-	105,000,000
	-	12,373,305

The above loans were secured by exclusive charge on all fixed assets and current assets, both present and future.

5. DEFERRED TAX LIABILITIES (NET)		(in ₹)	
	Deferred Tax Liability/ (Asset) as at 01.04.2012	Current year charge / (credit)	Deferred Tax Liability / (Asset) as at 31.03.2013
<b>Deferred Tax Liabilities :</b>			
Difference between book and tax depreciation	17,307,000	320,000	17,627,000
Development of Hydrocarbon Properties	385,953,000	(10,493,000)	375,460,000
(A)	403,260,000	(10,173,000)	393,087,000
<b>Deferred Tax Assets :</b>			
Provision for gratuity	1,168,000	294,000	1,462,000
Provision for leave encashment	131,000	5,000	136,000
(B)	1,299,000	299,000	1,598,000
<b>Deferred Tax Liability (Net)</b>	(A)-(B)	(10,472,000)	391,489,000

		(in ₹)	
Particulars	31 March, 2013	31 March, 2012	
<b>6. LONG TERM PROVISIONS</b>			
For employee benefits			
- Gratuity (Refer note 32)	3,062,463	3,521,507	
- Leave Encashment (Refer note 32)	170,278	320,444	
	3,232,741	3,841,951	
<b>7.1 TRADE PAYABLES</b>			
Trade payables (Refer note 30 on dues to micro and small enterprises)	26,119,316	79,485,663	
<b>7.2 OTHER CURRENT LIABILITIES</b>			
Current maturities of long term borrowings	-	105,000,000	
Interest accrued but not due on borrowings	-	334,418	
Interest accrued and due on borrowings	-	483,655	
Profit Petroleum payable to Gol	20,310,306	23,424,731	
Remuneration payable to Whole Time Director	22,756,600	20,684,940	
Unpaid dividends (does not include any amount due and outstanding, to be credited to the Investor Education and Protection Fund)	7,152,470	5,165,321	
Fractional bonus entitlement	43,630	43,630	
Statutory Dues	16,039,750	19,778,355	
	66,302,756	174,915,050	
<b>8. SHORT TERM PROVISIONS</b>			
For employees benefits			
- Gratuity (Refer note 32)	1,238,957	77,417	
- Leave encashment (Refer note 32)	231,023	84,120	
	1,469,980	161,537	



## 9. FIXED ASSETS

(in ₹)

	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 01 Apr, 2012	Additions	Deletions	As on 31 Mar, 2013	Upto 31 Mar, 2012	For the Year	Written Back	Upto 31 Mar, 2013	As on 31 Mar, 2013	As on 31 Mar, 2012
<b>TANGIBLE ASSETS :</b>										
Plant And Equipment	182,190,290	9,663,090	887,175	190,966,205	130,718,928	10,147,677	793,837	140,072,768	50,893,437	51,471,362
Furniture And Fixtures	1,232,117	1,066,417	424,616	1,873,918	254,366	97,280	105,663	245,983	1,627,935	977,751
Vehicles	7,119,061	2,825,212	2,430,348	7,513,925	4,180,441	737,601	1,644,318	3,273,724	4,240,201	2,938,620
Office Equipments	3,703,353	402,484	670,316	3,435,521	557,769	146,053	200,058	503,764	2,931,757	3,145,584
Computers	2,303,988	202,540	355,023	2,151,505	1,103,595	283,519	332,707	1,054,407	1,097,098	1,200,393
Electrical Fittings	508,423	-	-	508,423	240,764	24,008	-	264,772	243,651	267,659
	197,057,232	14,159,743	4,767,478	206,449,497	137,055,863	11,436,138	3,076,583	145,415,418	61,034,079	60,001,369
<b>INTANGIBLE ASSETS :</b>										
Computer Software	7,099,532	-	-	7,099,532	3,258,785	1,150,834	-	4,409,619	2,689,913	3,840,747
Total	204,156,764	14,159,743	4,767,478	213,549,029	140,314,648	12,586,972	3,076,583	149,825,037	63,723,992	63,842,116
Previous Year	189,903,153	15,697,811	1,444,200	204,156,764	128,238,698	13,294,954	1,219,004	140,314,648	63,842,116	61,664,455

Refer note 1.04 on rates and method of depreciation.

(in ₹)

Particulars	31 March, 2013	31 March, 2012
<b>10. DEVELOPMENT OF HYDROCARBON PROPERTIES</b>		
(Refer note 1.07)		
Balance as per last financial statements	1,189,561,705	1,068,445,340
Additions during the year (Refer note 23)	83,108,471	264,436,542
	1,272,670,176	1,332,881,882
Less : Amortised during the year	168,051,082	143,320,177
Closing Balance	1,104,619,094	1,189,561,705
<b>11. LONG TERM LOANS AND ADVANCES</b>		
(Unsecured - considered good, unless otherwise stated)		
Capital Advances	2,424,133	1,154,653
Security Deposits		
- With Government Departments	805,112	733,200
- Others	1,592,840	887,460
	4,822,085	2,775,313
<b>12. INVENTORIES</b>		
(Refer note 1.05 for mode of valuation)		
<b>12.1 Non-current</b>		
Stores and components relating to Hydrocarbon Properties (Valued at Cost)	92,043,697	89,851,367
<b>12.2 Current</b>		
Stores, spares and consumables (at lower of cost or net realisable value)	4,205,712	6,349,306
Stock of crude oil (at lower of cost or net realisable value)	18,090,000	16,207,000
	22,295,712	22,556,306

		(in ₹)	
Particulars	31 March, 2013	31 March, 2012	
<b>13. TRADE RECEIVABLES - CURRENT</b>			
(Unsecured - Considered good)			
Outstanding for a period exceeding six months from the due date	-	-	
Others	154,780,353	199,415,621	
	154,780,353	199,415,621	
<b>14. CASH AND CASH EQUIVALENTS</b>			
Cash in hand	155,341	154,834	
<b>Balances with banks :</b>			
Current Accounts	21,386,401	9,392,399	
Deposits with original maturity of less than 3 months	30,000,000	45,000,000	
Unpaid dividend accounts	7,147,279	5,232,731	
<b>Other bank balances :</b>			
Deposits with original maturity for more than 3 months but less than 12 months :			
- Public Sector Banks	980,683,404	888,021,345	
- Private Sector Banks	222,500,000	150,000,000	
Deposit accounts under lien :			
- For Government of India / State Government	39,988,753	15,774,215	
- Site Restoration Fund Account	1,626,295	50,000	
	1,303,487,473	1,113,625,524	
<b>15. SHORT TERM LOANS AND ADVANCES</b>			
(Unsecured - considered good, unless otherwise stated)			
Security Deposits	-	570,000	
Advance to Vendors	4,808,231	1,856,594	
Inter Corporate Deposits	27,000,000	-	
Income Tax Payment (net of provisions ₹ 537,801,000/-)	5,857,234	4,482,608	
Balance with Government Department/Authorities	305,194	305,194	
Prepaid Expenses	6,181,449	8,025,729	
Advances recoverable in cash or kind	791,460	410,087	
	44,943,568	15,650,212	
<b>16. OTHER CURRENT ASSETS</b>			
Interest accrued on fixed deposits	45,578,687	33,090,235	
	45,578,687	33,090,235	
<b>17. REVENUE FROM OPERATIONS</b>			
(Refer note 1.03 on revenue recognition)			
<b>Sale of products :</b>			
- Crude Oil	985,078,919	921,925,293	
Less : Profit Petroleum paid to Gol (Refer note 29)	(89,568,610)	(67,712,476)	
	895,510,309	854,212,817	
- Natural Gas	75,078,796	73,082,754	
	970,589,105	927,295,571	



			(in ₹)	
Particulars	31 March, 2013	31 March, 2012		
<b>18. OTHER INCOME</b>				
Interest Income on Bank/Intercorporate Deposits	124,627,919	108,088,543		
Miscellaneous Income	1,508,113	213,849		
	126,136,032	108,302,392		
<b>19. OPERATING EXPENSES</b>				
Payment to Contractors for Services	6,488,132	4,523,748		
Transportation	9,311,013	8,723,188		
Generator hire charges	9,688,358	7,122,043		
Other direct operative expenses	9,457,938	5,290,556		
	34,945,441	25,659,535		
<b>20. CHANGES IN INVENTORIES OF FINISHED GOODS</b>				
Inventories at the beginning of the year	16,207,000	12,605,500		
Inventories at the end of the year	18,090,000	16,207,000		
(Increase) / Decrease	(1,883,000)	(3,601,500)		
<b>21. EMPLOYEE BENEFITS EXPENSE</b>				
(Refer note 1.08 on employee benefits)				
Salaries, wages and bonus	60,147,933	51,656,326		
Contribution to provident and other funds	298,744	323,270		
Staff welfare expenses	960,029	914,516		
	61,406,706	52,894,112		
<b>22. FINANCE COSTS</b>				
Interest on term loans	6,146,089	20,482,615		
Applicable loss on foreign currency transactions and translations	-	21,503,433		
	6,146,089	41,986,048		
<b>23. DEVELOPMENT OF HYDROCARBON PROPERTIES</b>				
(Expenditure on specialized materials and services)				
Cementing and Pumping Services	27,841	21,313,305		
Contract Rig charges & Rig Site Preparation	10,993,087	73,466,189		
Management and Drilling Supervision	7,284,464	25,473,338		
Materials consumed for Drilling of Oil Wells	1,406,761	26,131,658		
Miscellaneous Expenses	2,269,110	3,263,939		
Mud Chemical, Engineering & Logging Services	5,480,111	24,432,157		
Perforation and Well Cleaning Services	21,592,882	7,049,309		
Rent	3,313,990	3,954,218		
Seismic Survey, Data Processing & Wireline Services	22,410,254	73,935,961		
Travelling and Conveyance	8,329,971	5,416,468		
	83,108,471	264,436,542		

		(in ₹)	
Particulars		31 March, 2013	31 March, 2012
<b>24.</b>	<b>OTHER EXPENSES</b>		
	Administrative services and supplies	5,937,870	5,562,334
	Advertisement and Business Development	3,051,274	2,556,698
	Advisory Services	6,805,679	3,834,409
	Communication	1,460,178	1,357,207
	Consumption of stores and spare parts	5,539,354	1,033,541
	Directors Fees	1,238,656	760,000
	Insurance	1,339,439	1,271,941
	Interest on payment of Income Tax	3,070,814	1,784,928
	Legal Fees	9,270	99,526
	Loss on foreign exchange variation	5,937,349	12,636,996
	Loss on sale/write off of fixed assets	1,181,735	55,697
	Miscellaneous expenses	6,742,098	3,151,112
	Power and fuel	650,051	3,827,296
	Rent	6,138,462	5,580,807
	Repairs - Others	4,345,094	2,049,003
	Repairs to machinery	1,838,747	900,216
	Travelling and conveyance	5,142,269	4,073,759
		<b>60,428,339</b>	<b>50,535,470</b>
<b>25.</b>	<b>EARNINGS PER SHARE (EPS)</b>		
	a) Profit after tax	451,654,545	438,793,280
	b) Average number of equity shares of ₹ 10/- each outstanding during the year		
	- Basic	16,925,378	16,987,043
	- Diluted	16,925,378	16,987,043
	c) EPS (₹)		
	- Basic	26.69	25.83
	- Diluted	26.69	25.83
	- Cash EPS	36.74	36.91

Cash EPS is calculated after adding back Development of Hydrocarbon Properties written off, deferred tax and depreciation to net profit.





## Other notes forming part of accounts

### 26. Corporate Information :

Selan Exploration Technology Limited (referred to as the Company or Selan) was incorporated on 5 July, 1985 under the Companies Act, 1956. The Company is engaged in the business of oil & gas exploration and production. The Company has signed Production Sharing Contracts (PSCs) with Government of India (GoI) for Bakrol, Indrora, Lohar, Ognaj and Karjisan fields.

### 27. Capital Commitments :

Outstanding commitments for capital expenditure (net of advances) - ₹978,000/- (previous year ₹3,898,865/-)

28. The Company has taken premises on operating lease. The lease payments charged during the year in the statement of profit and loss amounts to ₹6,138,462/- (previous year ₹5,580,807/-) Amount due within one year ₹5,992,566/-.

29. In the Arbitration proceedings between the Company and the Ministry of Petroleum and Natural Gas, Government of India (GOI) with respect to the Lohar Oilfield, inter alia, the issue is whether Profit Petroleum is payable to the GOI in a financial year, when the Investment Multiple in the preceding year is less than 3.5. The Company had won an Award in its favour in May 2010, from the Arbitral Tribunal, against which the GOI had appealed to the Hon'ble Delhi High Court. The Single Bench of the High Court ruled in favour of the GOI. The Company has appealed against this to the Division Bench of the High Court, which case is in progress.

30. The Company has not received any information from suppliers or service providers, whether they are covered under the "Micro, Small and Medium Enterprises (Development) Act, 2006". Disclosure relating to amount unpaid at the year-end together with interest payable, if any, as required under the said Act are not ascertainable.

31. In the opinion of the Board and to the best of their knowledge and belief, the value on realisation of the current assets, loans and advances in the ordinary course of business will not be less than the amount stated in the Balance Sheet.

32. The disclosures of Employee Benefits as defined in the Accounting Standard - 15 are given below :

### i. Change in present value of obligation :

(in ₹)

	31 Mar, 2013		31 Mar, 2012	
	Gratuity (funded)	Leave Encashment (non funded)	Gratuity (funded)	Leave Encashment (non funded)
a) Present value of obligation as at the beginning of the period	3,598,924	404,564	2,548,466	1,401,754
b) Interest cost	287,914	32,365	216,620	119,149
c) Past service cost	-	-	-	-
d) Current service cost	656,165	75,110	467,903	63,368
e) Benefits paid	(360,462)	(237,609)	-	(299,499)
f) Actuarial (gain)/ loss on obligation	118,879	126,871	365,935	(880,208)
g) Present value of obligation as at the end of period	4,301,420	401,301	3,598,924	404,564

### ii. The amounts to be recognized in balance sheet :

(in ₹)

	31 Mar, 2013		31 Mar, 2012	
	Gratuity (funded)	Leave Encashment (non funded)	Gratuity (funded)	Leave Encashment (non funded)
a) Present value of obligation as at the end of the period	4,301,420	401,301	3,598,924	404,564
b) Fair value of plan assets at the end of the period	3,513,235	-	3,012,018	-
c) Funded status	(788,185)	(401,301)	(586,906)	(404,564)
d) Excess of actual over estimated	(12,010)	-	1,361	-
e) Net asset / (liability) recognized in the balance sheet	(788,185)	(401,301)	(586,906)	(404,564)

### iii. Expenses recognised in the statement of profit and loss :

(in ₹)

	31 Mar, 2013		31 Mar, 2012	
	Gratuity (funded)	Leave Encashment (non funded)	Gratuity (funded)	Leave Encashment (non funded)
a) Current service cost	656,165	75,110	467,903	63,368
b) Past service cost	-	-	-	-
c) Interest cost	287,914	32,365	216,620	119,149
d) Expected return on plan assets	(275,600)	-	(197,826)	-
e) Net actuarial (gain) / loss recognized in the period	130,889	126,871	364,574	(880,208)
f) Net asset / (liability) recognized in the balance sheet	799,368	234,346	851,271	(697,691)

### iv. Economic assumptions :

(in ₹)

	31 Mar, 2013		31 Mar, 2012	
	Gratuity (funded)	Leave Encashment (non funded)	Gratuity (funded)	Leave Encashment (non funded)
a) Discounting rate (%)	8.00	8.00	7.50	8.00
b) Future salary increase (%)	5.50	5.50	5.00	5.50
c) Expected rate of return on plan assets	9.15	-	9.00	-

Note: The above information is given from the report furnished by the Actuary as at the end of the year.

### 33. Miscellaneous expenses include :

(in ₹)

	31 Mar, 2013	31 Mar, 2012
a) Provision for Wealth Tax	15,100	-
b) Donation	2,000,000	700,950

**34. Managerial Remuneration :** (in ₹)

	31 Mar, 2013	31 Mar, 2012
Salary and allowances to Manager	1,657,267	1,461,800
Remuneration to Whole-time Director (including salary)	36,500,000	33,500,000

Note: Provision for accruing liability for Gratuity and Leave Encashment which are done on overall Company basis and not separately ascertainable and, therefore, not included above.

**35. Segment Reporting as per Accounting Standard - 17 :**

The Company is primarily engaged in the business of exploration and production of oil and natural gas. Therefore, it is a single segment business.

**36. Related Party Disclosures as per Accounting Standard - 18 :**

(a) Related Parties and their relationships

(i) Key Management Personnel

- Mr. Rohit Kapur, Chairman and Whole-time Director

	31 Mar, 2013	31 Mar, 2012
(b) Transactions with the above parties in the ordinary course of business with parties referred in (i) above - Managerial Remuneration (To Whole-time Director)	36,500,000	33,500,000

**37. CIF Value of Imports :**

(in ₹)

	31 Mar, 2013	31 Mar, 2012
a) Capital Goods	11,712,690	6,984,109
b) Components, stores & spares (including Development of Hydrocarbon Properties)	8,030,915	29,567,155

**38. Value of Spare Parts and components consumed :**

(in ₹)

	31 Mar, 2013	31 Mar, 2012
i) Imported	9,574,529	24,894,041
Percentage to the total	73	96
ii) Indigeneous	3,530,676	1,033,541
Percentage to the total	27	4
iii) Total	13,105,205	25,927,582

Annexure to our report of even date for V. SANKAR AIYAR & CO.  
Chartered Accountants  
Firm's Regn.no. 109208W

New Delhi  
11 May, 2013  
M.S. BALACHANDRAN  
PARTNER  
Membership No. 024282

DEEPA BHALLA  
COMPANY SECRETARY

R. KAPUR  
CHAIRMAN

S. K. SINGH

V. B. MAHAJAN  
DIRECTOR(S)

**39. Expenditure in Foreign Currency :**

(in ₹)

	31 Mar, 2013	31 Mar, 2012
a) Technical Services (Net of TDS)	40,903,900	72,903,736
b) Travel	5,657,807	4,681,256

**40. Remittance in Foreign Currency to Non-residents on account of dividends : NIL**

(in ₹)

	2012-13 Interim Dividend	2011-12 Interim Dividend
a) Number of non-resident shareholders	887	935
b) Number of shares held by them	5,866,765	5,917,083
c) Dividend (paid in INR)	29,333,825	17,751,249
d) Year to which the dividend relates	2012-13	2011-12

**41.** (in ₹)

	31 Mar, 2013	31 Mar, 2012
a) Foreign Currency Exposure (indirect)		
Not Hedgeable - Receivables	US\$ 2,403,835	3,670,610
b) Foreign Currency Exposure		
Creditors - Non hedged	US\$ 50,800	29,798
Term Loans - Non hedged	US\$ -	1,800,649

**42(a). Payment to Auditors :**

(in ₹)

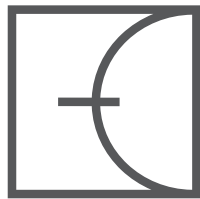
	31 Mar, 2013	31 Mar, 2012
a) Audit Fees	550,000	550,000
b) Tax Audit	60,000	60,000
c) Certification / Company Law / Other Matters	190,000	252,500
d) Taxation Matters	190,000	175,000
e) Reimbursement of expenses	11,100	92,922
f) Service Tax	131,634	118,193

**(b) Payment to Cost Auditors:**

(in ₹)

	31 Mar, 2013	31 Mar, 2012
1) Audit Fees	90,000	-
2) Other Services	40,000	-
3) Service Tax	16,068	-

43. Previous year figures have been regrouped wherever necessary to correspond with the current year figures.



SELAN EXPLORATION TECHNOLOGY LIMITED

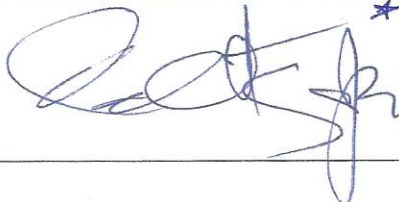





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**FORM A**

**Format of covering letter of the annual audit report to be filed with the Stock Exchange**

1.	Name of the Company	Selan Exploration Technology Ltd.
2.	Annual financial statements of the year ended	31 March 2013
3.	Type of Audit observation	Un-qualified / Matter of Emphasis
4.	Frequency of observation	Whether appeared first time ..... / repetitive..... / since how long period.  N/A
5.	To be signed by –	
	• CEO / Managing Director	 * 
	• CFO	
	• Auditor of the company	For V. Sankar Aiyar & Co. Chartered Accountants ICAI FRN: 109208W  M.S. Balachandran Partner (Mem.no.:024282) 
• Audit Committee Chairman	 	

\* The Form has been signed by the whole-time Director of the company.