

ANNUAL REPORT 2011-12



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

COMPANY SECRETARY

Ms. Gunjan Jain

AUDITORS

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

COST AUDITOR

S. N. Balasubramanian

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 2012.

Financial Review

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

	2009-10	2010-11	2011-12
Net Sales	708,046,954	709,490,752	927,295,571
EBIDTA	589,877,960	627,824,389	838,514,401
EBIDTA / Net Sales	83%	88%	90%

Total Reserves and Surplus of the Company have increased from ₹1,526,173,790/- to ₹1,905,738,773/- as on 31 March 2012.

Review of Operations

A significant development during the year has been the successful completion of Public Hearings in several of our oilfields for obtaining the necessary environmental permissions for the well drilling campaigns.

The Company continues to work closely with the Ministry of Petroleum and Natural Gas and the Directorate General of Hydrocarbons in an effort to obtain approvals for extensive drilling campaigns in our oil and gas fields.

It now seems likely that any agreement in this regard would require the Company to drill wells in a phased manner, thus extending the period over which development activities in the fields are completed.

The Company's reservoirs are known, in technical terms, as depletion drive reservoirs, resulting in declining rates of production over time. It is, therefore, necessary that additional wells continue to be drilled so as to achieve higher rates of recoverable reserves as well as production.

Seismic and reservoir work continues at an accelerated pace, and significant additional information is being regularly generated to meet the requirements of various agencies. These studies continue to also provide greater insight into the company's reservoirs so as to enable us to employ the best methods to increase production levels.

The fundamental nature of the approval process has changed considerably over the last two years, thus resulting in significantly lower levels of drilling activity than was earlier anticipated. It is hoped that this process could gain some impetus during the current fiscal year, as the government looks to accelerate investment in all sectors, including oil and gas.

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

Final Dividend

The Directors are pleased to inform that in F.Y. 2011-12, the Board of Directors have declared an interim dividend of 30%, i.e. ₹3/- per share, which shall be declared as final dividend for the year 2011-12 subject to approval by the shareholders of the Company in the forthcoming AGM.

Board of Directors

Mr. V. B. Mahajan 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 the 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.

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. 40 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 Directors' 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

The contribution of a sincere and motivated team of personnel is extremely important for the growth and advancement of a Company. 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

05 May 2012
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.

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 approvals for investment programs has become more difficult and is taking 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 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 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.

The approval process at Ministry of Environment and Forests (MoEF) also requires considerable time and effort because as per the revised procedure, any new drilling activity requires their prior clearance.

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

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.

7. Human Resources Development / Industrial Relations

SELAN takes full pride in acknowledging its efficient, dedicated and hardworking team which has led 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.

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. 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 affirm compliance with this code on an annual basis. A declaration to this effect by the CEO (Manager) of the Company also forms part of the Annual Report 2011 -12.

2. Board of Directors

i. Composition of Board

The Board of Directors of the Company comprises of :

- One Executive Director.
- Three 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	-	-	-	09	Yes
S. K. Singh	Non – Executive and Independent Director	-	-	-	09	Yes
T. Currimbhoy *	Non – Executive and Independent Director	-	-	-	01	No
V. B. Mahajan	Non – Executive and Independent Director	-	-	-	09	Yes

* 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 09 Board Meetings held during the financial year 2011–12, as per the provisions of Clause 49 of the Listing Agreement. The dates on which the meetings were held are : 14 May 2011, 20 July 2011, 23 July 2011, 08 November 2011, 21 December 2011, 16 January 2012, 31 January 2012, 09 February 2012 and 01 March 2012.

3. Audit Committee

As per the provisions of the Listing Agreement. the Audit Committee of the Company was constituted on 09 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 2011-12 (on 14 May 2011, 20 July 2011, 27 October 2011 and 24 January 2012). 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 twice during the year (10 May 2011 & 23 July 2011) 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 Note 34 & 36 of Notes on Accounts. The other Non-Resident Director was 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 four 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 2012.

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. Gunjan Jain
 Designation : Company Secretary
 E-mail Id : investors@selanoil.com

6. General Body Meetings

Location and time for last three Annual General Meetings were :

Year	AGM	Location	Date	Time
2008-09	AGM	Ashok Country Resort, New Delhi	08/09/2009	10 : 00 a.m.
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.

7. 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 Note 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

8. Means of Communication

As per the requirements of the Listing Agreement, 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). The quarterly results, shareholding pattern and the Annual Report are also available on the Company's website www.selanoil.com

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

9. General Shareholder Information

- i. Annual General Meeting :

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

- ii. Calendar for financial year 2012-13 (Tentative) :

Annual General Meeting : To be decided
Results for quarter ending June 30, 2012 : Fourth week of July, 2012
Results for quarter ending September 30, 2012 : Second week of November, 2012
Results for quarter ending December 31, 2012 : Second week of February, 2013

Results for quarter ending March 31, 2013 : Second week of May, 2013

- iii. Book Closure Date :

To be decided

- iv. Dividend :

During the year 2011-12, the Board of Directors of the Company had declared an interim dividend of 30% i.e. ₹3/- per share. This has been paid to the shareholders on 29 February 2012. This is now being put for approval of the shareholders as final dividend for the year 2011-12 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:

Bombay Stock Exchange (BSE)				
MONTH	SHARE PRICE (IN ₹)		SENSEX	
	HIGH	LOW	HIGH	LOW
Apr 2011	377.00	333.50	19,811.14	18,976.19
May 2011	360.00	324.00	19,253.87	17,786.13
Jun 2011	348.50	279.00	18,873.39	17,314.38
Jul 2011	360.90	283.20	19,131.70	18,131.86
Aug 2011	356.35	264.15	18,440.07	15,765.53
Sep 2011	315.00	273.35	17,211.80	15,801.01
Oct 2011	309.40	278.50	17,908.13	15,745.43
Nov 2011	309.80	240.00	17,702.26	15,478.69
Dec 2011	282.85	221.20	17,003.71	15,135.86
Jan 2012	288.70	226.70	17,258.97	15,358.02
Feb 2012	311.00	273.00	18,523.78	17,061.55
Mar 2012	288.00	255.00	18,040.69	16,920.61

- 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 2012:

Category	No. of Shares Held as on 31.03.2012	% Holding
Promoters :		
- Indian	2,745,386	16.162
- Foreign	4,349,216	25.603
Mutual Funds / UTI	42,020	0.247
Foreign Institutional Investors	31,355	0.185
Private Corporate Bodies	983,435	5.789
Indian Public	7,274,071	42.821
Trusts and Foundations	55,715	0.328
NRIs / OCBs	1,505,845	8.865
GRAND TOTAL	16,987,043	100.000

xi. Dematerialisation of shares :

95.18 % of the outstanding shares have been dematerialized upto 31 March 2012.

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 2012, 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)

Place : New Delhi
Date : 05 May 2012

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 31 March 2012 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.

05 May 2012
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)

AUDITORS' REPORT

To the Shareholders of Selan Exploration Technology Limited

1. We have audited the attached Balance Sheet of SELAN EXPLORATION TECHNOLOGY LIMITED as at 31 March 2012, the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order 2003, issued by the Department of Company Affairs, Government of India in terms of sub - section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order on the basis of such checks as we considered appropriate and according to the information and explanations given to us.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes of our audit;
 - b) In our opinion, proper books of account, as required by law have been kept by the Company so far as 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 dealt with by this report comply with the Accounting Standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable ;
 - e) On the basis of written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2012 from being appointed as a Director, in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012 ;
 - ii. in the case of the Statement of Profit and Loss of the profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



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, 2003, 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, 2003, 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 2012 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, 2003, 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 & 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)

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

New Delhi
05 May 2012

Balance Sheet as at 31 March 2012

(in ₹)			
Particulars	Note No.	31 March 2012	31 March 2011
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	169,870,430	169,870,430
Reserves and Surplus	3	1,905,738,773	1,526,173,790
		2,075,609,203	1,696,044,220
Non-current liabilities			
Long term Borrowings	4	12,373,305	215,785,088
Deferred Tax Liabilities (net)	5	401,961,000	370,367,000
Long term Provisions	6	3,841,951	3,834,110
		418,176,256	589,986,198
Current liabilities			
Trade Payables	7	79,485,663	84,744,856
Other Current Liabilities	7	174,915,050	218,652,305
Short term Provisions	8	161,537	4,510,598
		254,562,250	307,907,759
TOTAL		2,748,347,709	2,593,938,177
ASSETS			
Non Current Assets			
Fixed Assets	9		
Tangible Assets		60,001,369	56,680,192
Intangible Assets		3,840,747	4,984,263
Capital work in progress (at cost) (Plant & Equipment)		17,979,310	12,876,289
Development of Hydrocarbon Properties (DHP)	10	1,189,561,705	1,068,445,340
Long term Loans and Advances	11	2,775,313	7,071,914
Inventories relating to DHP	12	89,851,367	80,591,299
		1,364,009,811	1,230,649,297
Current Assets			
Inventories	12	22,556,306	17,960,424
Trade receivables	13	199,415,621	145,003,573
Cash and Cash Equivalents	14	1,113,625,524	1,179,066,004
Short term Loans and Advances	15	15,650,212	10,411,585
Other Current Assets	16	33,090,235	10,847,294
		1,384,337,898	1,363,288,880
TOTAL		2,748,347,709	2,593,938,177
Significant Accounting Policies	1		
Other notes forming part of Accounts	26-44		

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

New Delhi
05 May 2012

M.S. BALACHANDRAN
PARTNER
Membership No. 024282

GUNJAN JAIN
COMPANY SECRETARY

R. KAPUR
CHAIRMAN

S. K. SINGH
DIRECTOR(S)

V. B. MAHAJAN



Statement of Profit and Loss for the year ended 31 March 2012

(in ₹)			
Particulars	Note No.	31 March 2012	31 March 2011
INCOME			
Revenue from Operations	17	927,295,571	709,490,752
Other Income	18	108,302,392	62,571,981
Total Revenue		1,035,597,963	772,062,733
EXPENSES			
Operating Expenses	19	25,659,535	21,222,578
Handling and Processing Charges-Current year		11,723,903	10,903,759
Handling and Processing Charges-Prior years (refer note 37)		19,698,997	-
Changes in Inventories of Finished Goods	20	(3,601,500)	(2,303,000)
Employee Benefits Expense	21	52,894,112	37,667,825
Finance Costs	22	41,986,048	25,632,816
Royalty and Cess		40,173,045	40,177,704
Development of Hydrocarbon Properties	23	264,436,542	260,609,051
Development of Hydrocarbon Properties Amortised		143,320,177	125,478,611
Other Expenses	24	50,535,470	36,569,478
Depreciation and Amortisation Expense		13,294,954	11,848,295
		660,121,283	567,807,117
Transfer to: Development of Hydrocarbon Properties		(264,436,542)	(260,609,051)
Total Expenses		395,684,741	307,198,066
PROFIT FOR THE YEAR BEFORE TAX			
		639,913,222	464,864,667
Tax Expense :			
Current Tax		168,500,000	112,600,000
Taxes relating to earlier years		1,025,942	-
Deferred Tax		31,594,000	34,840,000
		201,119,942	147,440,000
PROFIT FOR THE YEAR AFTER TAX			
		438,793,280	317,424,667
Basic/diluted earnings per share	25	25.83	20.08
(face value of ₹ 10/- each)			
Significant Accounting Policies and	1		
Other notes forming part of Accounts	26-44		

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

New Delhi
05 May 2012

M.S. BALACHANDRAN
PARTNER
Membership No. 024282

GUNJAN JAIN
COMPANY SECRETARY

R. KAPUR
CHAIRMAN

S. K. SINGH
DIRECTOR(S)

V. B. MAHAJAN
DIRECTOR(S)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

Particulars	31 March 2012	31 March 2011
(in ₹)		
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) Before Tax	639,913,222	464,864,667
Adjustments For :		
Depreciation	13,294,954	11,848,295
Interest Paid	41,986,048	25,632,816
Loss on Sale of Assets	55,697	2,303,680
Provision For Gratuity		
Provision For Leave Encashment		
Interest Income	(108,088,543)	(54,826,935)
Expenditure on Development of Hydrocarbon Properties Amortised	143,320,177	125,478,611
	90,568,333	110,436,467
Operating Profit Before Working Capital Changes	730,481,555	575,301,134
Adjustments For :		
Trade and other Receivables	(77,597,014)	(40,852,045)
Inventories	(13,855,950)	6,684,233
Trade and other Payables	4,831,849	27,559,272
	(86,621,115)	(6,608,540)
Cash Generated from Operations	643,860,440	568,692,594
Taxes Paid	(177,793,111)	(145,037,645)
Net Cash from Operating Activities	466,067,329	423,654,949
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets and Capital Work in Progress	(20,800,834)	(8,882,948)
Extraordinary Items		
- Expenditure on Development of Hydrocarbon Properties	(264,436,542)	(260,609,051)
Sale Proceeds of Fixed Assets	169,500	218,001
Interest Received	108,088,543	54,826,935
Net Cash from Investing Activities	(176,979,333)	(214,447,063)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Long Term Borrowings	-	344,283,750
Repayment of Long Term Borrowings	(261,581,300)	(111,961,521)
Dividend Paid	(50,961,128)	(22,426,137)
Interest Paid	(41,986,048)	(25,632,816)
Net Cash (Used in) / Raised from Financing Activity	(354,528,476)	184,263,276
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENT (A+B+C)	(65,440,480)	393,471,162
Cash and Cash Equivalents as at 01.04.2011 (Opening Balance)	1,179,066,004	785,594,842
Cash and Cash Equivalent as at 31.03.2012 (Closing Balance) *	1,113,625,524	1,179,066,004

* Includes ₹ 15,824,215/- (previous year ₹ 39,495,508/-) 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
05 May 2012

M.S. BALACHANDRAN
PARTNER
Membership No. 024282

GUNJAN JAIN
COMPANY SECRETARY

R. KAPUR
CHAIRMAN

S. K. SINGH
DIRECTOR(S)



Notes on Accounts for the year ended 31.03.2012

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 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.

1.03 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 2012

		(in ₹)	
Particulars		31 March 2012	31 March 2011
2. SHARE CAPITAL			
Authorised :			
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
Issued, subscribed and fully paid :			
16,987,043 (previous year 16,987,043) equity shares of ₹ 10/- each		169,870,430	169,870,430
Reconciliation of the number of shares - Equity			

	31 March 2012		31 March 2011	
	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
Outstanding at the end of the year	16,987,043	169,870,430	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 2012		31 March 2011	
	No.	% of holding	No.	% of holding
Mr. R. Kapur	1,866,846	10.99%	1,866,846	10.99%
Winton Roavic Private Limited	1,501,000	8.84%	1,500,774	8.83%
Mrs. R. Kapur	1,206,000	7.10%	1,205,717	7.10%
Mr. A. Mahajan	1,185,910	6.98%	1,185,910	6.98%
Mrs. A. Mahajan	964,146	5.68%	1,007,710	5.93%

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	203,304	203,304

		(in ₹)	
Particulars		31 March 2012	31 March 2011
3. RESERVES AND SURPLUS			
Capital Reserve :			
Profit on forfeiture of warrants / forfeited shares			
Balance as per last financial statements		9,405,000	9,405,000
Capital Redemption Reserve :			
Balance as per last financial statements		42,872,340	42,872,340
Securities Premium Reserve :			
Balance as per last financial statements		175,207,230	190,650,000
Less: Issue of fully paid equity bonus shares		-	15,442,770
		175,207,230	175,207,230



(in ₹)

Particulars	31 March 2012	31 March 2011
General Reserve :		
Balance as per last financial statements	127,054,374	77,054,374
Add : Transfer from Surplus balance	50,000,000	50,000,000
	177,054,374	127,054,374
Site Restoration Fund :		
Transfer from Surplus	50,000	-
Surplus :		
Balance as per last financial statements	1,171,634,846	960,934,172
Profit for the year as per the statement of Profit and Loss	438,793,280	317,424,667
	1,610,428,126	1,278,358,839
Less : Appropriations :		
Interim Dividend paid (@ ₹ 3/- per equity share)	(50,961,128)	(48,644,714)
Corporate Dividend Tax on above	(8,267,169)	(8,079,279)
Transfer to General Reserve	(50,000,000)	(50,000,000)
Transfer to Site Restoration Fund	(50,000)	-
	1,501,149,829	1,171,634,846
Total of Reserves and Surplus	1,905,738,773	1,526,173,790

4. LONG-TERM BORROWINGS

Term loans - Secured :		
Indian rupee loans from :		
State Bank of India (Carrying interest @12.5% to 14.25% per annum, repayable in 16 equal quarterly installments of ₹ 6,875,000/- each commencing from 17.10.2008)	-	27,500,000
Yes Bank Limited (Carrying interest @14.5% to 15.75% per annum, repayable in 16 equal quarterly installments of ₹ 6,250,000/- each commencing from 03.04.2010)	25,000,000	50,000,000
Foreign Currency Loans from :		
State Bank of India (Carrying interest @5.03% to 5.71% per annum, repayable in 10 equal quarterly installments of ₹ 20,000,000/- each commencing from 30.12.2010)	92,373,305	153,482,605
ICICI Bank Limited (Carrying interest @4.564% to 4.582% per annum, repayable in 29 equal quarterly installments of US\$ 113,793 each commencing from 20.09.2011)	-	147,972,000
TOTAL	117,373,305	378,954,605
Less : Current maturities of Long Term Borrowings shown in Current Liabilities (refer note 7.2)	105,000,000	163,169,517
	12,373,305	215,785,088

The above loans are 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 01.04.2011	Current year charge / (credit)	Deferred Tax Liability/ (Asset) as at 31.03.2012
Deferred Tax Liabilities :			
Difference between book and tax depreciation	16,585,000	722,000	17,307,000
Development of Hydrocarbon Properties	354,911,000	31,042,000	385,953,000
(A)	371,496,000	31,764,000	403,260,000
Deferred Tax Assets :			
Provision for gratuity	663,000	505,000	1,168,000
Provision for leave encashment	466,000	(335,000)	131,000
(B)	1,129,000	170,000	1,299,000
Deferred Tax Liability (Net)	(A)-(B)	31,594,000	401,961,000

			(in ₹)	
Particulars	31 March 2012	31 March 2011		
6. LONG TERM PROVISIONS				
For employee benefits				
- Gratuity (Refer note 32)	3,521,507	2,475,103		
- Leave Encashment (Refer note 32)	320,444	1,359,007		
	3,841,951	3,834,110		
7.1 TRADE PAYABLES				
Trade payables (Refer note 30 on dues to micro and small enterprises)	79,485,663	84,744,856		
7.2 OTHER CURRENT LIABILITIES				
Current maturities of long term borrowings	105,000,000	163,169,517		
Interest accrued but not due on borrowings	334,418	-		
Interest accrued and due on borrowings	483,656	1,760,082		
Profit Petroleum payable to Gol	23,424,731	8,040,078		
Remuneration payable to Whole Time Director	20,684,940	7,406,680		
Unpaid dividends (does not include any amount due and outstanding, to be credited to the Investor Education and Protection Fund)	5,165,321	28,505,221		
Fractional bonus entitlement	43,630	56,091		
Statutory Dues	19,778,354	9,714,636		
	174,915,050	218,652,305		
8. SHORT TERM PROVISIONS				
For employees benefits				
- Gratuity (Refer note 32)	77,417	73,363		
- Leave encashment (Refer note 32)	84,120	42,747		
For taxation (net of advance payments)	-	4,394,488		
	161,537	4,510,598		



9. FIXED ASSETS

(in ₹)

	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 1 Apr 2011	Additions	Deletions	As on 31 Mar 2012	Upto 31 Mar 2011	For the Year	Written Back	Upto 31 Mar 2012	As on 31 Mar 2012	As on 31 Mar 2011
TANGIBLE ASSETS :										
Plant And Equipment	168,802,917	13,387,373	-	182,190,290	119,868,783	10,850,145	-	130,718,928	51,471,362	48,934,134
Furniture And Fixtures	873,692	358,425	-	1,232,117	194,688	59,678	-	254,366	977,751	679,004
Vehicles	8,444,861	-	1,325,800	7,119,061	4,627,716	738,764	1,186,039	4,180,441	2,938,620	3,817,145
Office Equipments	2,454,096	1,367,657	118,400	3,703,353	437,346	148,803	32,965	553,184	3,150,169	2,016,750
Computers	1,726,665	577,323	-	2,303,988	785,173	318,422	-	1,103,595	1,200,393	941,492
Electrical Fittings	508,423	-	-	508,423	216,756	24,008	-	240,764	267,659	291,667
	182,810,654	15,690,778	1,444,200	197,057,232	126,130,462	12,139,820	1,219,004	137,051,278	60,005,954	56,680,192
INTANGIBLE ASSETS :										
Computer Software	7,092,499	7,033	-	7,099,532	2,108,236	1,150,549	-	3,258,785	3,840,747	4,984,263
Total	189,903,153	15,697,811	1,444,200	204,156,764	128,238,698	13,290,369	1,219,004	140,310,063	63,846,701	61,664,455
Previous Year	183,712,388	9,837,027	3,646,262	189,903,153	117,514,984	11,848,295	1,124,581	128,238,698	61,664,455	66,197,404

Refer note 1.04 on rates and method of depreciation.

(in ₹)

Particulars	31 March 2012	31 March 2011
10. DEVELOPMENT OF HYDROCARBON PROPERTIES		
(Refer note 1.07)		
Balance as per last financial statements	1,068,445,340	933,314,900
Additions during the year (Refer note 23)	264,436,542	260,609,051
	1,332,881,882	1,193,923,951
Less : Amortised during the year	143,320,177	125,478,611
Closing Balance	1,189,561,705	1,068,445,340
11. LONG TERM LOANS AND ADVANCE		
(Unsecured - considered good, unless otherwise stated)		
Capital Advances	1,154,653	5,357,054
Security Deposits		
- With Government Departments	733,200	732,400
- Others	887,460	982,460
	2,775,313	7,071,914
12. INVENTORIES		
(Refer note 1.05 for mode of valuation)		
12.1 Non-current		
Stores and components relating to Hydrocarbon Properties (Valued at Cost)	89,851,367	80,591,299
12.2 Current		
Stores, spares and consumables (at lower of cost or net realisable value)	6,349,306	5,354,924
Stock of crude oil (at lower of cost or net realisable value)	16,207,000	12,605,500
	22,556,306	17,960,424

		(in ₹)	
Particulars	31 March 2012	31 March 2011	
13. TRADE RECEIVABLES - CURRENT			
(Unsecured - Considered good)			
Outstanding for a period exceeding six months from the due date	-	-	
Others	199,415,621	145,003,573	
	199,415,621	145,003,573	
14. CASH AND CASH EQUIVALENTS			
Cash in hand	154,834	19,683	
Balances with banks :			
Current Accounts	9,392,399	15,703,732	
Deposits with original maturity of less than 3 months	45,000,000	23,000,000	
Unpaid dividend accounts	5,232,731	28,572,630	
Other bank balances :			
Deposits with original maturity for more than 3 months but less than 12 months :			
- Public Sector Banks	888,021,345	909,490,266	
- Private Sector Banks	150,000,000	162,784,185	
Deposit accounts under lien :			
- For Government of India / State Government	15,774,215	16,070,446	
- Site Restoration Fund Account	50,000	-	
- For Letters of Credit	-	23,425,062	
	1,113,625,524	1,179,066,004	
15. SHORT TERM LOANS AND ADVANCES			
(Unsecured - considered good, unless otherwise stated)			
Security Deposits	570,000	11,980	
Advance to Vendors	1,856,594	5,174,341	
Income Tax Payment (net of provisions ₹ 420,019,000/-)	4,482,608	-	
Balance with Government Department/Authorities	305,194	305,194	
Prepaid Expenses	8,025,729	4,577,070	
Advances recoverable in cash or kind	410,087	343,000	
	15,650,212	10,411,585	
16. OTHER CURRENT ASSETS			
Interest accrued on fixed deposits	33,090,235	10,847,294	
	33,090,235	10,847,294	
17. REVENUE FROM OPERATIONS			
(Refer note 1.03 on revenue recognition)			
Sale of products :			
- Crude Oil	921,925,293	695,573,918	
Less : Profit Petroleum paid to Gol (Refer note 29)	(67,712,476)	(31,293,575)	
	854,212,817	664,280,343	
- Natural Gas	73,082,754	45,210,409	
	927,295,571	709,490,752	



		(in ₹)	
Particulars	31 March 2012	31 March 2011	
18. OTHER INCOME			
Interest Income on Bank/Intercompany Deposits	108,088,543	54,826,935	
Gain on Foreign Exchange Translation	-	2,453,812	
Miscellaneous Income	213,849	5,291,234	
	108,302,392	62,571,981	
19. OPERATING EXPENSES			
Payment to Contractors for Services	4,523,748	3,876,111	
Transportation	8,723,188	8,030,609	
Generator hire charges	7,122,043	5,595,844	
Other direct operative expenses	5,290,556	3,720,014	
	25,659,535	21,222,578	
20. CHANGES IN INVENTORIES OF FINISHED GOODS			
Inventories at the beginning of the year	12,605,500	10,302,500	
Inventories at the end of the year	16,207,000	12,605,500	
(Increase) / Decrease	(3,601,500)	(2,303,000)	
21. EMPLOYEE BENEFITS EXPENSE			
(Refer note 1.08 on employee benefits)			
Salaries, wages and bonus	51,656,326	36,705,903	
Contribution to provident and other funds	323,270	227,394	
Staff welfare expenses	914,516	734,528	
	52,894,112	37,667,825	
22. FINANCE COSTS			
Interest on term loans	20,482,615	25,632,816	
Applicable loss on foreign currency transactions and translations	21,503,433	-	
	41,986,048	25,632,816	
23. DEVELOPMENT OF HYDROCARBON PROPERTIES			
(Expenditure on specialized materials and services)			
Cementing and Pumping Services	21,313,305	6,763,861	
Contract Rig charges & Rig Site Preparation	73,466,189	30,440,910	
Insurance	-	794,160	
Management and Drilling Supervision	25,473,338	10,023,998	
Materials consumed for Drilling of Oil Wells	26,131,658	3,416,311	
Miscellaneous Expenses	3,263,939	3,978,989	
Mud Chemical, Engineering & Logging Services	24,432,157	4,878,915	
Perforation and Well Cleaning Services	7,049,309	7,437,479	
Rent	3,954,218	2,799,417	
Seismic Survey, Data Processing & Wireline Services	73,935,961	187,061,287	
Travelling and Conveyance	5,416,468	3,013,724	
	264,436,542	260,609,051	

		(in ₹)	
Particulars		31 March 2012	31 March 2011
24.	OTHER EXPENSES		
	Administrative services and supplies	5,562,334	3,926,204
	Advertisement and Business Development	2,556,698	1,968,825
	Advisory Services	3,834,409	6,734,772
	Communication	1,357,207	956,099
	Consumption of stores and spare parts	1,033,541	1,903,196
	Directors Fees	760,000	1,280,000
	Insurance	1,271,941	1,395,263
	Interest on payment of Income Tax	1,784,928	1,421,399
	Legal Fees	99,526	1,223,319
	Loss on foreign exchange variation	12,636,996	-
	Loss on sale/write off of fixed assets	55,697	2,303,680
	Miscellaneous expenses	3,151,112	2,776,903
	Power and fuel	3,827,296	2,976,122
	Rent	5,580,807	3,324,012
	Repairs - Others	2,049,003	1,081,733
	Repairs to machinery	900,216	1,304,122
	Travelling and conveyance	4,073,759	1,993,829
		50,535,470	36,569,478
25.	EARNINGS PER SHARE (EPS)		
	a) Profit after tax	438,793,280	317,424,667
	b) Average number of equity shares of ₹ 10/- each outstanding during the year		
	- Basic	16,987,043	15,806,623
	- Diluted	16,987,043	15,806,623
	c) EPS (₹)		
	- Basic	25.83	20.08
	- Diluted	25.83	20.08
	- Cash EPS	36.91	31.07

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 05 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 (Gol) for Bakrol, Indrora, Lohar, Ognaj and Karjisan fields.

27. Capital Commitments :

Outstanding commitments for capital expenditure (net of advances) - ₹3,898,865/- (previous year ₹6,910,000/-)

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 ₹ 5,580,807/- (previous year ₹3,324,012/-). Amount due within one year ₹5,600,951/-.

29. In the Arbitration proceedings between the Company and the Ministry of Petroleum and Natural Gas, Government of India (Gol) with respect to the Lohar Oilfield, *inter alia*, the issue is whether Profit Petroleum is payable to the Gol 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 Gol had appealed to the Hon'ble Delhi High Court. The Single Bench of the High Court ruled in favour of the Gol. 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-2012		31-Mar-2011	
	Gratuity (funded)	Leave Encashment (non funded)	Gratuity (funded)	Leave Encashment (non funded)
a) Present value of obligation as at the beginning of the period	2,548,466	1,401,754	1,527,943	1,072,615
b) Interest cost	216,620	119,149	122,235	85,809
c) Past service cost	-	-	711,314	-
d) Current service cost	467,903	63,368	353,508	333,315
e) Benefits paid	-	(299,499)	-	(357,989)
f) Actuarial (gain)/ loss on obligation	365,935	(880,208)	(166,534)	268,004
g) Present value of obligation as at the end of period	3,598,924	404,564	2,548,466	1,401,754

ii. The amounts to be recognized in balance sheet :

(in ₹)

	31-Mar-2012		31-Mar-2011	
	Gratuity (funded)	Leave Encashment (non funded)	Gratuity (funded)	Leave Encashment (non funded)
a) Present value of obligation as at the end of the period	3,598,924	404,564	2,548,466	1,401,754
b) Fair value of plan assets at the end of the period	3,012,018	-	2,198,070	-
c) Funded status	(586,906)	(404,564)	(350,396)	(1,401,754)
d) Excess of actual over estimated	1,361	-	2,030	-
e) Net asset / (liability) recognized in the balance sheet	(586,906)	(404,564)	(350,396)	(1,401,754)

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

(in ₹)

	31-Mar-2012		31-Mar-2011	
	Gratuity (funded)	Leave Encashment (non funded)	Gratuity (funded)	Leave Encashment (non funded)
a) Current service cost	467,903	63,368	353,508	333,315
b) Past service cost	-	-	711,314	-
c) Interest cost	216,620	119,149	122,235	85,809
d) Expected return on plan assets	(197,826)	-	(124,670)	-
e) Net actuarial (gain) / loss recognized in the period	364,574	(880,208)	(168,564)	268,004
f) Net asset / (liability) recognized in the balance sheet	851,271	(697,691)	893,823	687,128

iv. Economic assumptions :

(in ₹)

	31-Mar-2012		31-Mar-2011	
	Gratuity (funded)	Leave Encashment (non funded)	Gratuity (funded)	Leave Encashment (non funded)
a) Discounting rate (%)	7.50	8.00	8.00	8.00
b) Future salary increase (%)	5.00	5.50	5.50	5.50
c) Expected rate of return on plan assets	9.00	-	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-2012	31-Mar-2011
a) Provision for Wealth Tax	-	9,600
b) Donation	700,950	296,000

34. Managerial Remuneration : (in ₹)

	31-Mar-2012	31-Mar-2011
Salary and allowances to Manager	1,461,800	1,257,750
Remuneration to Whole-time Director (including salary)	33,500,000	24,600,000

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

(in ₹)

	31-Mar-2012	31-Mar-2011
(b) Transactions with the above parties in the ordinary course of business With parties referred in (i) above- Managerial Remuneration (To Whole-time Director)	33,500,000	24,600,000

37. Oil and Natural Gas Corporation Ltd., vide letter dated 27.01.2012 has revised retrospectively the charges relating to handling and processing of crude oil at their terminal. The revision includes charges relating to the period 2008-09 to 2010-11 aggregating to ₹19,698,997/-

38. CIF Value of Imports :

(in ₹)

	31-Mar-2012	31-Mar-2011
a) Capital Goods	6,984,109	3,470,000
b) Components, stores & spares (including Development of Hydrocarbon Properties)	29,567,155	1,286,173

39. Value of Spare Parts and components consumed :

(in ₹)

	31-Mar-2012	31-Mar-2011
a) Imported	24,894,041	6,376,160
Percentage to the total	96	77
b) Indigeneous	1,033,541	1,903,196
Percentage to the total	4	23
c) Total	25,927,582	8,279,356

40. Expenditure in Foreign Currency :

(in ₹)

	31-Mar-2012	31-Mar-2011
a) Technical Services (Net of TDS)	72,903,736	2,501,000
b) Travel	4,681,256	2,390,000

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

(in ₹)

	2011-12 Interim Dividend	2010-11 Interim Dividend -I	2010-11 Interim Dividend -II
a) Number of non-resident shareholders	935	634	832
b) Number of shares held by them	5,917,083	5,277,688	5,799,467
c) Dividend (paid in INR)	17,751,249	7,916,532	8,699,201
d) Year to which the dividend relates	2011-12	2010-11	2010-11

42.

(in ₹)

		31-Mar-2012	31-Mar-2011
a) Foreign Currency Exposure (indirect)			
Not Hedgeable - Receivables	US\$	3,670,610	3,123,849
b) Foreign Currency Exposure			
Creditors - Non hedged	US\$	29,798	254,985
Term Loans - Non hedged	US\$	1,800,649	6,708,831

43. Payment to Auditors :

(in ₹)

		31-Mar-2012	31-Mar-2011
a) Audit Fees		550,000	400,000
b) Tax Audit		60,000	60,000
c) Certification / Company Law / Other Matters		252,500	235,000
d) Taxation Matters		175,000	115,000
e) Reimbursement of expenses		92,922	19,000
f) Service Tax		118,193	76,000

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

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

New Delhi
05 May 2012

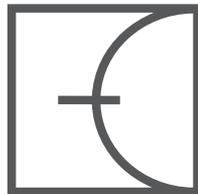
M.S. BALACHANDRAN
PARTNER
Membership No. 024282

GUNJAN JAIN
COMPANY SECRETARY

R. KAPUR
CHAIRMAN

S. K. SINGH

V. B. MAHAJAN
DIRECTOR(S)



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