



**SELAN EXPLORATION TECHNOLOGY LIMITED**

**ANNUAL REPORT 2008 – 2009**

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

### **BOARD OF DIRECTORS**

Mr. R. Kapur	•	<i>Chairman</i>
Mr. A. Mahajan	•	Mr. S. K. Singh
Mr. T. Currimbhoy	•	Mr. V. B. Mahajan.

### **PRESIDENT & CEO**

Dr. M. N. Prasad

### **COMPANY SECRETARY**

Ms. Gunjan Jain

### **AUDITORS**

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

### **BANKERS**

Corporation Bank • Yes Bank • ING Vysya Bank • State Bank of India

### **REGISTERED OFFICE**

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

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

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

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Your Directors have pleasure in presenting the Annual Report for the year ended 31 March 2009.

At the commencement of FY 2008-09, international crude oil prices witnessed new highs and then gradually, with the onslaught of economic slump, the oil prices crashed towards the second half. Faced with such fluctuations in oil prices as well as in cost of material and services, oil companies across the world scaled down their drilling activities.

## FINANCIAL REVIEW

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

(Rs. Millions)	2006-07	2007-08	2008-09
Net Sales	262	361	1059
EBIDTA	213	266	839
RoE *	36%	32%	61%
EBIDTA / Sales	81%	77%	84%

\*After adding back Deferred Tax

Total Reserves and Surplus of the Company have increased from Rs. 403.26 million to Rs. 833.80 million as on 31 March 2009.

## OPERATIONS REVIEW

The Proven and Probable Reserves of Bakrol Oilfield are 73.60 mmbbls after the completion of the current drilling campaign in Bakrol Oilfield.

With the onset of new drilling activities in its oilfield blocks, the Company has been successful in increasing its production to 282,745 barrels cumulatively from its three fields (viz. Bakrol, Indrora and Lohar) as compared to 120,226 barrels produced in the previous year 2007-08.

As per the requirements of the new notification issued by Ministry of Environment and Forests (MoEF), the Company has already obtained the EC's for all of its five (5) fields viz. Bakrol, Indrora, Lohar, Karjisan and Ognaj, so that new drilling activities can commence without further delay .

Mining Lease for Ognaj Oilfield has also been awarded by the Government of Gujarat in August 2008. Subsequently, possession of the oilfield has also been handed over to the Company by ONGC. During the year 2009-10, the company shall undertake identification of prospective well locations in Ognaj oilfield in order to initiate development activities.

## FIELD DEVELOPMENT REVIEW

The exceptionally high level of international crude oil prices during the year has led to unusually high profits and has also opened up new avenues for your Company in terms of developing its oilfields, which has so far been undertaken with limited data.

Hence, in addition to the appraisal / drilling activities undertaken, we consider it a prudent opportunity to conduct very high resolution 3D / 4D Seismic Surveys due to the nature of our oilfields, at a considerable expense to the Company. We also need to complete our testing programs in our fields on an accelerated basis.

These activities alongwith lower crude oil prices and the natural depletion in production from existing wells will temporarily result in somewhat lower levels of production and profits during 2009-10. However, our cash reserves and cash generation have made it possible for us to plan / undertake and generally complete these Seismic and testing activities in a short period of time (of approximately one year).

As a result, we now believe that the Company will shortly be able to establish significant / additional levels of proven and recoverable reserves in our oilfields and hopefully this, in turn, will lead to the realization of your Company emerging with transformational growth within the next one to two years.

#### **LOHAR ARBITRATION / PAYMENT OF PROFIT PETROLEUM**

Your Company has invoked Arbitration for one of its oilfields, Lohar, in April 2007. One of the key issues in arbitration is relating to the payment of profit petroleum based on the Investment Multiple(IM) achieved during the previous year. The value of IM exceeded the stipulated threshold level in F.Y. 2005-06 and the company accordingly paid profit petroleum for the year 2006-07. However, Govt. of India contends that once the IM has exceeded the threshold, we are liable to make profit petroleum payments to GoI in every succeeding financial year irrespective of the value of IM achieved. The management of your Company, based on legal opinion, is of the view that profit petroleum sharing in any specific financial year has to be determined only on the basis of IM value achieved at the end of the previous financial year. Pending decision of the arbitration tribunal, a sum of Rs. 59.85 million ( including Rs. 20.99 million pertaining to 2007-08) has been deducted / remitted by SELAN, as profit petroleum to GoI, for the Lohar field, for the period April 2007 to March 2009. This amount of Rs. 59.85 million is a Contingent Asset as at 31 March 2009 as the decision of the Hon'ble Tribunal could be in favour of the company in which case the GoI would have to refund this entire amount.

#### **FINAL DIVIDEND**

The Directors are pleased to inform that the interim dividend of 15% paid during the year 2008-09 is hereby declared as final dividend for the year 2008-09, subject to approval by the shareholders of the Company in the forthcoming AGM.

#### **BOARD OF DIRECTORS**

Mr. A. Mahajan and Mr. V. B. Mahajan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

During the year, Dr. B. K. Barman has resigned from the Board of Directors of SELAN. The Directors wish to acknowledge the contribution made by him to the Company over the years.

#### **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 followed, that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period, that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and 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.

**CORPORATE GOVERNANCE**

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 purview of disclosure of particulars under Section 217(1)(e) of the Companies Act, 1956, in so far as it relates to the conservation of energy and technology absorption. Particulars with regard to foreign exchange outgo appear as point no. 16 of the Notes forming Part of the Accounts.

**PERSONNEL**

The Company has only two employees whose name and particulars are required to be disclosed as per the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended.

Name	Age	Designation	Remuneration Received	Nature of Employment	Qualifications	Experience (in years)	Employment Commencement Date	Last Position Held
Mr. Rohit Kapur	54	Whole Time Director	Rs. 37 million	Contractual	MBA	30	1 October 2008	MD, Selan Exploration Technology Ltd.
Dr. M. N. Prasad	59	President & CEO	Rs. 4.89 million	Contractual	Ph.D. (Petroleum Geology), M.Sc, B.Sc.	36	1 April 2008	CEO, Prize Petroleum

Notes : 1. Gross remuneration as above includes salary, taxable allowances, Company's contribution to Provident Fund, Gratuity paid (but excludes Company's contribution to Gratuity Fund), and taxable value of perquisites. 2. Mr. Rohit Kapur was in employment as the Managing Director of the Company for the first 6 months and then as a Whole- Time Director for the remaining 6 months of the financial year 2008-09. Dr. Prasad was in employment for the full year 2008-09. 3. Mr. Rohit Kapur is a Promoter of the Company. 4. Mr. Rohit Kapur holds 1,697,133 shares in the Company. Dr. M. N. Prasad does not hold any shares in the Company.

**ACKNOWLEDGEMENTS**

The contribution of a dedicated and motivated team of personnel is extremely valuable in the growth of a Company. Your Company is fortunate to have a team whose endeavors have laid a strong foundation for the growth of the organization as a whole. Your Directors acknowledge the exemplary service provided by the employees of the Company.

On behalf of the Company, we wish to convey our thanks to 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 cooperation, support and guidance. The Directors value the faith reposed by the shareholders in their ability to manage the Company. We expect that with the continuous support and encouragement of our shareholders, we shall be successful in achieving key milestones in the near future.

For and on Behalf of the Board

6 May 2009  
New Delhi

R. KAPUR  
Chairman

## 1. Industry Structure and Developments

Government has awarded and signed a number of Production Sharing Contracts with Private Sector Oil Companies for Exploration Blocks under New Exploration Licensing Policy (NELP) and Coal Bed Methane (CBM) Projects. Further, the Government is expected to launch new E & P blocks under NELP – VIII round of bidding. This initiative of the Government towards NELP rounds has been very successful wherein a number of new international and national companies participate and submit bids for new prospects. This activity has expanded the industry and has created a lot of new employment opportunities in the oil industry. The Private Sector with its Joint Ventures has contributed significantly in exploitation of existing oil reserves in the country with the striking of huge discoveries of oil and gas within the Country. As a result, the domestic crude oil production is continuously improving with significant contributions of crude production from private operators, thus reducing foreign exchange outflow on crude imports. Even though oil sector today is one of the most prospective sectors where newer growth avenues for business and employment are opening up, nevertheless import of crude oil represents India's single largest item of import.

## 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 Ognaj Oilfield and the Karjisan Gasfield with the Ministry of Petroleum and Natural Gas (MoPNG) in 2004. During the year 2008 - 09, the Mining Lease in respect of Ognaj oilfield was also received from the Government of Gujarat.

The Company is executing elaborate plans for the development of its oil and gas fields thereby increasing the production of crude oil / gas by implementation of the new technology coupled with experienced professionals for managing its oil and gas assets.

Further, efforts are being made in terms of seismic data acquisition, workover of existing wells and drilling of new wells to provide accelerated thrust to the crude oil production.

## 3. Segment-wise performance

Currently, the Company is engaged in only one Business Segment that is Production of Crude Oil.

## 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 risk and high return sector. Data acquired for seismic evaluation of oilfields & reservoir modeling involves interpretation by technologically advanced software and equipment which is capital intensive in nature and are prone to obsolescence and uncertainty in results.

The Drilling Activities are also carried out using advanced drilling rigs and ancillary rig equipments and necessary safety and security measures are employed prior to any drilling activity.

However, the inherent risks of dealing with nature cannot be completely mitigated and that is why drilling activity poses a great challenge and risk. The fluctuation in international oil prices as well as in the dollar value of the rupee is another factor which adds to the uncertainty of profits in the oil industry.

### (ii) Project Constraints

There has generally been a shortage of drilling rigs and associated oilfield services in the region where the Company operates. Since there are limited number of service providers, hence, in order to execute its scheduled drilling programmes the Company is required to tie-up with oilfield services suppliers as much as a year in advance.

Besides this, there has been a notification from Ministry of Environment and Forests (MoEF) wherein any new drilling activity requires its prior clearances. The approval process at MoEF also requires considerable time and effort.

Any delay in getting the 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 a minimum financial risk. As of now, the Company has the policy of using debt financing only for short term requirements besides using its own internal accruals.

In 2007, the Company had issued an Arbitration Notice to MoPNG, pursuant to which the Arbitrators were appointed in accordance with the provisions of the PSC and the arbitration proceedings are underway.

## 6. Internal Control Systems and their Adequacy

SELAN has ensured proper and adequate system of Internal Control so that all assets are safeguarded and protected against loss from unauthorised use / disposition and that transactions are authorized, received and reported in a prudent manner. Internal Control System is designed to ensure that financial and other records are reliable for preparing financial statements and for maintaining accountability for assets. The Audit Committee reviews the internal control systems in its quarterly meetings and suggestions are given to strengthen the internal control measures and procedures on an ongoing basis keeping in view the changing business scenario. Efforts are in progress to strengthen the internal control measures and procedures as per the existing business scenario on a continuous basis.

## 7. Human Resources Development / Industrial Relations

SELAN considers its employees as its key resource and the major driving force behind the performance and success of the Company. SELAN has a flat and lean management structure which results in quick and efficient decision making. The number of employees of the Company are less than 30. People are mostly employed on contractual basis which, in view of the management is the right policy given the nature of the Industry.

Industrial relations have been cordial throughout the year. Operations went on smoothly during the year and there were no material developments that could adversely impact the operations.

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

At SELAN, Corporate Governance as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges is believed to be the foundation for building and sustaining growth and achieving success. SELAN believes in promoting the highest standards of Corporate Governance in every possible manner. SELAN takes pride in its mantra of serving all its shareholders, employees, creditors and Government authorities, by following the protocol of full and fair disclosures in all its communications, transactions and dealings.

SELAN makes a concerted and conscious effort to achieve optimum utilization of funds and resources thereby enhancing and sustaining shareholders' value in the long term.

Ethical business conduct is the corner stone for efficient Corporate Governance. SELAN has, therefore, prescribed a Code of Conduct for the Board of Directors and top management of the Company. This Code of Conduct 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 this Annual Report.

**2 (i) Board of Directors**

Composition of Board

The Board of Directors of the Company comprises of :

- One Executive Director.
- One Non – 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	-	-	-	10	Yes
A. Mahajan *	Non – Executive Director	-	-	-	-	Yes
B. K. Barman #	Non – Executive and Independent Director	-	-	-	1	No
S. K. Singh	Non – Executive and Independent Director	-	-	-	10	Yes
T. Currimbhoy *	Non – Executive and Independent Director	-	-	-	-	No
V. B. Mahajan	Non – Executive and Independent Director	-	-	-	10	Yes

\* Non – Resident Directors  
# Resigned w.e.f. 30 July 2008.

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

**2 (ii) Number of Board Meetings held, and the dates on which held**

There were 10 Board Meetings held during the financial year 2008 – 09, as per the provisions of Clause 49 of the Listing Agreement. The dates on which the meetings were held are : 15 April 2008, 29 April 2008, 2 May 2008, 29 July 2008, 29 August 2008, 26 September 2008, 23 October 2008, 20 November 2008, 28 January 2009 and 19 March 2009.

**3. Audit Committee**

The Audit Committee of the Company was constituted on 9 May 2000 as per the provisions of the Listing Agreement. 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. The Constitution of the Committee is as follows : Mr. V. B. Mahajan (Chairman), Mr. R. Kapur, Dr. B. K. Barman and Mr. S. K. Singh, Members. During the year, Dr. Barman resigned from the Board of Directors, and therefore, he also ceases to be a member of this Committee w.e.f. 30 July 2008.

Brief description of terms of reference :

- Review of the financial reporting process and the Company's financial statements.
- Review of the adequacy of accounting records as maintained in accordance with the provisions of the Companies Act, 1956.
- Review of the adequacy of internal control system.
- 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 current year (on 24 April 2008, 22 July 2008, 20 October 2008 and 17 January 2009). All the Committee members were present at all the meetings except Dr. B.K.Barman who did not attend any Audit Committee meeting.

**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 has been constituted to determine the remuneration package of its Directors as and when appointed. The Committee comprises of : Mr. S. K. Singh (Chairman), Mr. V. B. Mahajan and Dr. B. K. Barman, Members.

During the year, Dr. Barman resigned from the Board of Directors w.e.f. 30 July 2008 and therefore, he could no longer be a part of the Remuneration Committee. In his place, Mr. R. Kapur was nominated and then appointed as a member of the Committee. The Committee met twice during the year to discuss and approve the terms and conditions of the appointment of the Whole-Time Director and the Manager 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 8 & 10 of Notes on Accounts. Two other Non-Resident Directors were not paid any remuneration or sitting fees 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 twice during the year. All the members of the Committee were present at the meetings. There were no pending shareholders complaints / grievance and transfer of shares as on 31 March 2009.

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@selanexploration.com

**6. Buyback of Shares Committee**

The Board had established a Buyback of Shares 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 seven times during the year and all the members were present at these meetings.

**7. Committee for Preferential Issue of Warrants**

During the year, the Board had established a committee for preferential issue of warrants. The Committee comprises of Mr. V. B. Mahajan (Chairman), Mr. S.K. Singh and Mr. R. Kapur, Members. The Committee met twice during the year and all the members were present at these meetings.

**8. General Body Meetings**

Location and time for last three Annual General Meetings were :

Year	AGM	Location	Date	Time
2005 – 06	AGM	Ashok Country Resort, New Delhi	20/09/06	10 : 00 a.m.
2006 – 07	AGM	Ashok Country Resort, New Delhi	24/09/07	10 : 00 a.m.
2007 – 08	AGM	Ashok Country Resort, New Delhi	17/09/08	10 : 00 a.m.

One Extra- Ordinary General Meeting was held during the year on 14 May 2008 to consider preferential issue of warrants to promoters.

During the year, one special resolution for buyback of equity shares of the Company was also passed through postal ballot on 5 January 2009.

**9. Disclosures****9. (a) 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.**

Winton Roavic Pvt. Ltd., in which one of the Director is interested, is in receipt of Rs. 1.80 lakhs as rent in respect of premises given on lease to the Company.  
Mr. R. Kapur, the Whole-Time Director was paid remuneration during the year as disclosed in Note 8 & 10 of Notes on Accounts.

**9. (b) 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.

**9. (c) Disclosure on number of shares and convertible instruments held by non – executive directors.**

Mr. S.K.Singh : 1,000  
Mr. V.B.Mahajan : 5,680

**10. Means of Communication**

The Half Yearly and Quarterly results are published immediately after the Board Meeting held to consider and take them on record, in leading national newspapers and the same is intimated to Stock Exchanges (BSE / NSE) where the shares of the Company are listed as per the requirements of the Listing Agreement. The quarterly results, shareholding pattern and the Annual Report are also available on the Company's website [www.selanexploration.com](http://www.selanexploration.com).

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

**11. General Shareholder Information**

- i. Annual General Meeting :  
 - Date and Time : 8 September 2009 at 10 : 00 a.m.  
 - Venue : Ashok Country Resort, Rajokri Road, Kapashera, New Delhi – 110 037
- ii. Calendar for financial year 2009-10 :  
 Annual General Meeting : 8 September 2009  
 Results for quarter ending June 30, 2009 : Fourth week of July, 2009  
 Results for quarter ending September 30, 2009 : Fourth week of October, 2009  
 Results for quarter ending December 31, 2009 : Fourth week of January, 2010  
 Results for quarter ending March 31, 2010 : Fourth week of April, 2010
- iii. Book Closure date : 2 September 2009 to 8 September 2009
- iv. Dividend : During the year 2008-09, the Board of Directors of the Company had recommended interim dividend of 15% to the shareholders of the Company. This has been paid to the shareholders on 24 October 2008. This is now being put for approval of the shareholders as final dividend for the year 2008-09 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 RS.)		SENSEX	
	HIGH	LOW	HIGH	LOW
Apr 2008	264.05	133.35	17,480.74	15,297.96
May 2008	283.95	233.20	17,735.70	16,196.02
Jun 2008	254.00	177.00	16,632.72	13,405.54
Jul 2008	329.90	166.50	15,130.09	12,514.02
Aug 2008	326.95	256.10	15,579.78	14,002.43
Sep 2008	281.00	218.55	15,107.01	12,153.55
Oct 2008	229.00	127.80	13,203.86	7,697.39
Nov 2008	165.00	122.30	10,945.41	8,316.39
Dec 2008	146.80	112.50	10,188.54	8,467.43
Jan 2009	153.00	117.60	10,469.72	8,631.60
Feb 2009	133.40	116.20	9,724.87	8,619.22
Mar 2009	134.40	100.00	10,127.09	8,047.17

- 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 2009 :

Category	No. of Shares Held as on 31.03.2009	% Holding
Promoters :		
- Indian	2,134,776	14.91
- Foreign	3,732,833	26.00
Banks, Financial Institutions	-	-
Foreign Institutional Investors	-	-
Private Corporate Bodies	1,080,908	7.55
Indian Public	5,919,861	41.34
NRIs / OCBs	1,461,328	10.20
<b>GRAND TOTAL</b>	<b>14,320,706</b>	<b>100.00</b>

- xi. Dematerialisation of shares : 90.75% of the outstanding shares have been dematerialized upto 31 March 2009.  
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

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

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**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 2009 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.**

**6 May 2009  
New Delhi**

**P.S. Oberoi  
Manager**

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**Auditor's Report on Corporate Governance**

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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 2009, 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 above mentioned listing agreement.
4. We state that in respect of investor grievance, the Registrar and Share Transfer Agent of the Company has maintained the relevant records and certified that as on 31 March 2009 there were no investor grievances pending against the Company for a period exceeding one month.
5. 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

Place : New Delhi  
Date : 6 May 2009

M. S. Balachandran  
Partner  
Membership No. 024282

<b>BALANCE SHEET</b>		<b>SELAN</b>	
<b>As at 31 March 2009</b>		<b>(in Rs.)</b>	
<b>Particulars</b>	<b>Schedule</b>	<b>31 March 2009</b>	<b>31 March 2008</b>
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	<b>1</b>	<b>143,207,060</b>	144,160,700
Reserves and Surplus	<b>2</b>	<b>833,803,069</b>	403,263,882
Share application money pending allotment		<b>29,700,000</b>	-
<b>Loan Funds</b>			
Secured Loans	<b>3</b>	<b>250,790,646</b>	165,753,536
Deferred Tax Liability (Net) (See Note 12)		<b>322,198,000</b>	192,939,000
<b>TOTAL</b>		<b>1,579,698,775</b>	906,117,118
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	<b>4</b>		
Gross Block		169,964,033	140,241,950
Less: Depreciation to date		100,822,210	91,293,169
Net Block		<b>69,141,823</b>	48,948,781
Capital Work in Progress (at cost)		<b>20,633,900</b>	17,887,511
Development of Hydrocarbon Properties			
As per last Balance Sheet		531,068,059	430,527,099
Additions during the year		449,098,211	146,190,857
		980,166,270	576,717,956
Less : Written off during the year		88,250,432	45,649,897
		<b>891,915,838</b>	531,068,059
Current Assets, Loans and Advances	<b>5</b>		
Inventories		112,492,609	72,961,828
Sundry Debtors		98,980,074	114,551,207
Cash and Bank Balances		468,959,000	236,060,357
Other Current Assets		5,322,433	3,617,938
Loans and Advances		116,213,143	72,276,028
		801,967,259	499,467,358
Less: Current Liabilities and Provisions	<b>6</b>		
Current Liabilities		93,677,149	110,358,256
Provisions		110,282,896	80,896,335
		203,960,045	191,254,591
Net Current Assets		<b>598,007,214</b>	308,212,767
<b>TOTAL</b>		<b>1,579,698,775</b>	906,117,118
Significant Accounting Policies and Notes forming part of Accounts	<b>12</b>		
Annexure to our Report of Date for V. SANKAR AIYAR & CO. Chartered Accountants			
<b>M. S.BALACHANDRAN</b>	<b>GUNJAN JAIN</b>	<b>R. KAPUR</b>	<b>S. K. SINGH V. B. MAHAJAN</b>
New Delhi 6 May 2009	<i>PARTNER</i> Membership No. 024282	<i>COMPANY SECRETARY</i>	<i>CHAIRMAN</i> <i>DIRECTOR(S)</i>

PROFIT AND LOSS ACCOUNT		SELAN	
For the Year Ended 31 March 2009			
(in Rs.)			
Particulars	Schedule	31 March 2009	31 March 2008
<b>INCOME</b>			
Sale of Crude Oil		1,058,761,346	360,582,710
Less : Payment for Profit Petroleum to GoI for prior years [See note 2]		(20,988,299)	(16,000,000)
Less : Payment for Profit Petroleum to GoI for 2008-09[See note 2]		(38,864,748)	-
Net Sales		998,908,299	344,582,710
Increase /(Decrease) in Closing Stock of Crude Oil		233,624	2,219,500
Other Income	7	28,435,364	11,878,325
<b>TOTAL</b>		<b>1,027,577,287</b>	<b>358,680,535</b>
<b>EXPENDITURE</b>			
Operating Expenses	8	41,765,315	27,381,339
Personnel	9	52,022,446	19,004,477
Administration	10	25,708,371	23,291,596
Development of Hydrocarbon Properties	11	449,098,211	146,190,857
Interest on Term Loans		32,093,087	16,257,079
Royalty, Cess and Sales Tax		54,866,297	22,765,023
Depreciation		9,822,856	7,353,284
Development of Hydrocarbon Properties written off		88,250,432	45,649,897
Claims Recoverable written off		14,484,725	-
		768,111,740	307,893,552
Transfer to : Development of Hydrocarbon Properties		(449,098,211)	(146,190,857)
<b>TOTAL</b>		<b>319,013,529</b>	<b>161,702,695</b>
<b>PROFIT BEFORE INCOME TAX</b>		<b>708,563,758</b>	<b>196,977,840</b>
Less : Provision for Taxation			
- Current Tax		112,200,000	23,020,000
- Deferred Tax		129,259,000	43,929,000
- Fringe Benefit Tax (Net of Rs. 58,310 excess provision relating to earlier year)		706,690	935,000
<b>PROFIT AFTER INCOME TAX</b>		<b>466,398,068</b>	<b>129,093,840</b>
Profit brought forward from last year		336,793,153	240,066,696
Less : Charge on account of transitional provisions under Accounting Standard-15 (Gratuity)		-	612,908
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>803,191,221</b>	<b>368,547,628</b>
<b>APPROPRIATIONS :</b>			
General Reserve		50,000,000	6,454,270
Proposed Dividend on Equity Shares (@ Rs.1.50 per share)		-	21,624,105
Interim Dividend paid on Equity shares (@ Rs. 1.50 per share)		21,624,105	-
Corporate Dividend Tax		3,676,100	3,676,100
Balance Carried to Balance Sheet		727,891,016	336,793,153
Basic earnings per Equity Share of Rs. 10/- each.		32.38	8.95
Diluted earnings per Equity Share of Rs. 10/- each.		32.02	8.95

Significant Accounting Policies and  
Notes forming part of Accounts

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Annexure to our Report of Date  
for V. SANKAR AIYAR & CO.  
Chartered Accountants

New Delhi  
6 May 2009

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

**GUNJAN JAIN**  
COMPANY SECRETARY

**R. KAPUR**  
Chairman

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

**CASH FLOW STATEMENT****SELAN****For the year ended 31 March 2009****(in Rs.)**

<b>Particulars</b>	<b>31 March 2009</b>	<b>31 March 2008</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit/(Loss) before tax	708,563,758	196,977,840
Adjustments for :		
Depreciation	9,822,856	7,353,284
Interest paid	32,093,087	16,257,079
Loss on sale of assets	25,255	43,639
Provision for Gratuity	388,910	519,265
Provision for Leave Encashment	385,866	483,547
Interest Income	(27,995,666)	(10,959,313)
Expenditure on Development of Hydrocarbon Properties written off	88,250,432	45,649,897
	<u>102,970,740</u>	<u>59,347,398</u>
Operating Profit before Working Capital changes	811,534,498	256,325,238
Adjustments for :		
Trade and other receivables	8,922,099	42,054,866
Inventories	(39,530,780)	(59,268,570)
Trade and other payables	(17,819,476)	80,167,418
	<u>(48,428,157)</u>	<u>(21,156,018)</u>
Cash generated from operations	763,106,341	235,169,220
Taxes paid	(106,839,476)	(5,003,259)
Net cash from operating activities	<u>656,266,865</u>	<u>230,165,961</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Intercorporate Deposits	1,500,000	2,500,000
Purchase of Fixed Assets and Capital Work in Progress	(32,867,543)	(3,063,843)
Extraordinary items – Expenditure on Development of Hydrocarbon Properties	(449,098,211)	(146,190,857)
Sale of Fixed Assets	80,000	4,200
Interest Received	27,995,666	10,959,313
Net cash from Investing Activities	<u>(452,390,088)</u>	<u>(135,791,187)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Share Application Money	29,700,000	-
Buyback of Shares of the company	(11,512,316)	-
Proceeds from Long Term Borrowings	85,037,110	54,711,641
Dividend Paid	(42,109,841)	-
Interest Paid	(32,093,087)	(16,257,079)
Net cash (used in) /raised from financing activity	<u>29,021,866</u>	<u>38,454,562</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>232,898,643</b>	<b>132,829,336</b>
Cash and cash equivalents as at 1.4.2008 (Opening balance)	236,060,357	103,231,021
Cash and cash equivalents as at 31.3.2009 (Closing balance) *	<u>468,959,000</u>	<u>236,060,357</u>

\* Includes Rs. 23.24 million (Previous year Rs. 38.52 million) not available for ready use

Annexure to our Report of Date  
for V. SANKAR AIYAR & CO.  
Chartered Accountants

New Delhi May 2009	<b>M. S. BALACHANDRAN</b> PARTNER Membership No. 024282	<b>GUNJAN JAIN</b> COMPANY SECRETARY	<b>R. KAPUR</b> Chairman	<b>S. K. SINGH</b> <b>V. B. MAHAJAN</b> DIRECTOR(S)
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