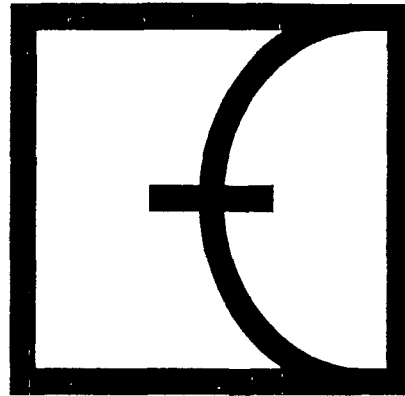
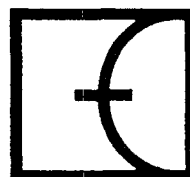
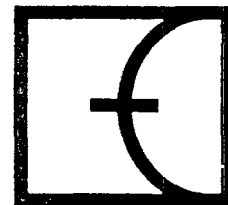
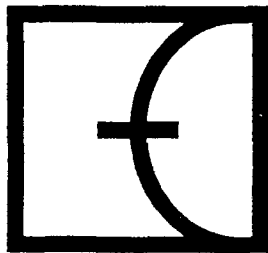


WED	/		BKC	NA
CE	/		DPY	NA
RO	/		DIV	NA
TRA	/		AC	✓
ACM	NA	—	SHI	✓
YE	✓	—		✓



**SELAN**  
EXPLORATION  
TECHNOLOGY LIMITED

**12th ANNUAL REPORT**  
**1996-97**



# SELAN EXPLORATION TECHNOLOGY LTD.

ANNUAL REPORT 1996-97

## DIRECTORS

Mr. R.N. Kapur  
Dr. B.K. Barman  
Mr. B.M. Mirza  
Mr. N.I. Mehta  
Ms. R. Kapur  
Mr. Rohit Kapur  
Mr. T. Currimbhoy

*Chairman*

*Vice Chairman*

## BANKERS

Corporation Bank  
State Bank of India

## AUDITORS

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

## PRESIDENT

Mr. C. Ratnam

## REGISTERED OFFICE

Ist Floor, 11 Hauz Khas Village  
New Delhi - 110 016

## EXECUTIVE DIRECTOR

Mr. V.B. Mahajan

## REGISTRARS AND SHARE TRANSFER AGENTS

MCS Ltd.  
Sri Venkatesh Bhavan  
212A. Shahpurjat  
Behind Panchsheel Club  
New Delhi - 110 016

## COMPANY SECRETARY

Mr. A.R.K. Sundaram

## DIRECTORS' REPORT

Your Directors have pleasure in submitting the Annual Report for the year ended 31 March 1997.

The year saw tremendous political upheaval in the country but on the economic front a certain sense of momentum was maintained. Industry found signals from the Government to be generally favourable, and the climate for foreign investment continued to improve.

The oil industry was largely pre-occupied with price increases on petroleum products as a result of fluctuations in international oil prices, and with the swelling of the oil pool deficit, attention was intently focussed on addressing the above issues.

### FINANCIAL PERFORMANCE

Keeping the overall economic scenario of the country in mind, the Company achieved impressive growth in its main business activity during the year 1996-97 as shown under :

	1996-97 (Rs. million)	% to total	1995-96 (Rs. million)	% to total
<b>Income</b>				
a) Sale of Crude oil	33	51	5	10
b) Geophysical Services	19	30	40	70
c) Other Income	13	19	12	20
<b>Total</b>	<b>65</b>	<b>100</b>	<b>57</b>	<b>100</b>
<b>NET PROFIT</b>	12		14	
<b>CASH PROFIT</b>	18		19	

Income from operations went through a year of transition as oil revenues which represented 10% in 1995-96 rose to 51% in 1996-97, and correspondingly seismic operations dropped from 70% in 1995-96 to 30% in 1996-97.

Income from sale of crude oil was Rs. 33 million during 1996-97 against Rs. 5 million during 1995-96.

Net Profit for the year is Rs. 12 million and the provision for tax of Rs. 1.6 million. The Cash Profit for 1996-97 is Rs. 18 million. Your Company's reserves have increased to Rs. 41 million from Rs. 9 million in the previous year.

### OIL EXPLORATION BUSINESS DEVELOPMENT

The year under review was the first full year of operations after taking possession of the Bakrol, Indrora and Lohar oil fields. Production enhancement programmes are now in progress in all locations. Seismic Surveys undertaken at Bakrol are very promising in the sense that results have established recoverable reserves to be significantly in excess of what was estimated by the Company, based on data made available by ONGC at the time of award of the fields. Your Directors expect significant growth in Crude Oil production and revenues in future.

Cash flow from oil operations were curtailed due to delays in release of payments based on International price of oil as stipulated in the Production Sharing Contract. As a result, development activities were extended so as to ensure maximum optimization of funds invested in oil operations.

The Company has also received Letters of Intent for two additional fields in onshore Gujarat viz Karjisan, a gas field and Ognaj, an oil field, from the Ministry of Petroleum and Natural Gas (MoPNG) and further negotiations are on with the Government for signing of Production Sharing Contract for these fields.

### SEISMIC BUSINESS ACTIVITY

After completion of survey work in South India on behalf of ONGC, the seismic crew was shifted to Gujarat for undertaking seismic surveys of the Bakrol oil field. This was successfully completed during the current fiscal year.

Your Company is also pursuing further business activities for the seismic crew in onshore Gujarat. Hopefully, these will be finalized during the current fiscal year.

## DIRECTORS' REPORT (contd.)

### BOARD OF DIRECTORS

During the year, Mr. N.N. Mahajan, resigned from the Board due to pre-occupation. Your Directors wish to place on record the valuable contributions made by Mr. Mahajan during his tenure as a Director of the Company.

In accordance with Articles of Association, Dr. B.K. Barman and Mr.N.I. Mehta retire by rotation and are eligible for re-appointment.

### AUDIT REPORT

The Auditor's observation on the dispute with the All India Financial Institutions (AIFIs) has been clarified in note 2 of the Notes Forming Part of Accounts.

### AUDITORS

The Auditors, Messrs V. Sankar Aiyar & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

### PROJECTIONS REVIEW

In terms of clause 43 of the listing agreement with the Stock Exchanges, the reasons for variations from the projection are given below :

The Company effectively undertook oil production in 1996-97 as against the projection of 1995-96. This arose because the physical possession of the fields was obtained by the Company only in the year 1995-96 as against 1994 - 95. In view of the above the total income earned was Rs. 65 million for the year as compared to the estimate of Rs. 141 million. Further the PBT was Rs. 12 million vis-a-vis the estimate of Rs. 52 million.

In accordance with terms of the issue, the non-convertible debentures were redeemed at par during October 1996.

### 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 nos. 9,10 & 14 of Notes Forming Part of Accounts.

### EMPLOYEES

The list of employees in the Category specified under section 217(2A) of the Companies Act 1956, is attached.

### ACKNOWLEDGMENTS

Your Directors wish to convey their thanks to the Government of India, Ministry of Petroleum and Natural Gas (MoPNG) and your Company's bankers for assistance and guidance provided during the year. The management and employees have contributed immensely to the growth of your Company. Highly skilled, trained and motivated people are at the heart of success of any business enterprise and your Company is making every effort to ensure that the highest standards of business management are achieved. Finally, your Directors greatly value your continued support and goodwill as shareholders of the Company and view the coming year with optimism.

For and On BEHALF OF THE BOARD

R.N. KAPUR  
Chairman

27 June 1997  
New Delhi