



SELAN EXPLORATION TECHNOLOGY LIMITED
ANNUAL REPORT 1999 – 2000

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SELAN

1999 – 2000

BOARD OF DIRECTORS

Mr. R. N. Kapur *Chairman*

Mr. Rohit Kapur *Vice Chairman*

Mr. A. Mahajan • Dr. B. K. Barman • Mr. R. Mathrani • Mr. B. M. Mirza

Mr. N. I. Mehta • Ms. R. Kapur • Mr. T. Currimbhoy • Mr. V. B. Mahajan

CORPORATE ADVISORS

Dr. D. J. Corbishley

Mr. C. Ratnam

SENIOR ADVISORS

Mr. A.M. Awasthi – *Seismic* • Mr. P.K. Kulkarni – *Reservoir*

Dr. S. Srinivasan – *Exploration*

COMPANY SECRETARY & VICE PRESIDENT

Wg. Cdr. (Retd.) Azad Saxena

AUDITORS

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

BANKERS

ABN Amro Bank • Corporation Bank • Hongkong & Shanghai Banking Corporation

REGISTERED OFFICE

First Floor, 11 Hauz Khas Village, New Delhi – 110 016

REGISTRARS AND SHARE TRANSFER AGENTS

MCS Ltd., Sri Venkatesh Bhavan, 212A Shahpurjat (Behind Panchsheel Club) New Delhi – 110 016

DIRECTORS' REPORT SELAN

Your Directors have pleasure in presenting the Annual Report for the year ended 31 March 2000.

The past year has witnessed an unusual upswing in International prices of crude oil which has had a positive effect on all the oil producing companies. The Government in its continuing efforts to liberalise the economy, and specifically the oil sector, has signed a number of Production Sharing Contracts with private oil companies for Exploration Blocks under New Exploration Licencing Policy (NELP).

The Production Sharing Contract negotiations for discovered oil/ gas fields (OGNAJ oilfield and KARJISAN gas field, respectively), LOIs for which were awarded in 1996 to your Company, are in advanced stages and it is expected that the same could be signed within the current fiscal year.

Financial Performance

Your Company has received the provisional International price from the Government after sustained follow ups. As a result the cash flow of the Company has improved significantly. The major highlights are given below :

Rs. Millions	1999-2000	% to Total	1998-99	% to Total
a) Sale of Crude Oil	58	91	34	49
b) Geophysical Services	-	-	18	26
c) Other Income	6	9	17	25
TOTAL	64	100	69	100
NET PROFIT	14		8	

Net profit of the Company improved from Rs. 8 million in 1998 - 99 to Rs. 14 million in the current year and as a result the reserves of your Company have increased from Rs. 70 million last year to Rs. 83 million this year.

Oil Production and Business Development

The Company produced 67,589 barrels of crude oil in 1999-00 (vs. 63,662 barrels in 1998-99) primarily from the BAKROL oilfield. During the year non-producing wells were worked over and these wells have also started contributing to the production.

The Company plans to drill one appraisal/ assessment well in BAKROL oilfield, for which considerable work has already been undertaken. It is expected that the well would be completed in the current fiscal year.

Seismic Operations

During the year the Company undertook the seismic evaluation of the BAKROL reservoir with SCHLUMBERGER and ONGC submitted a detailed report of seismic data interpretation of the INDRORA oilfield. These are currently under extensive study to help evaluate a future course of action with respect to these oilfields.

Board of Directors

During the year, Mr. R. Mathrani and Mr. V. B. Mahajan joined the Board of Directors and are eligible for appointment as Additional Directors. Mr. N. I. Mehta and Mr. Tariq Currimbhoy retire by rotation and are eligible for re-appointment.

Buyback of Shares

The Company has commenced Buyback of Equity Shares from the open market through Mumbai Stock Exchange as per the terms and conditions approved by Shareholders and in compliance of SEBI (Buyback of Securities) Regulations, 1998. Buyback purchases began on 3 April 2000 and as of date 127,600 shares have been repurchased for a total consideration of Rs. 1.41 million.

DIRECTORS' REPORT (CONTD...)

SELAN

Stock Exchanges

Your Company has paid the Annual listing fee for the year 1999-2000 to all Stock Exchanges where equity shares of your Company are listed. The equity shares of your company are listed at the Delhi, Mumbai and Ahmedabad Stock Exchanges.

Audit Report

The Auditors' observation on the repayment of the ERAS loan to the All India Financial Institutions has been clarified in note 2 of Notes on Accounts.

Auditors

The Auditors, M/s V. Sankar Aiyar & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

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. 9,10 & 14 of the Notes Forming Part of the Accounts.

Year 2000 Compliance

The Company had taken necessary steps to ensure that all systems are Y2K Compliant and did not face any problems with the advent of the year 2000. The Company does not have any operation processes which are computerised hence the risk for Y2K bug is negligible.

Personnel

As required by the provisions of section 217(2A) of the companies act, 1956 read with companies (particulars of employees) rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Director's Report. However, as per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Registrars and Share Transfer Agents or to the Secretary at the Registered Office of the Company.

Acknowledgements

Your Directors wish to convey their thanks to the Ministry of Petroleum and Natural Gas (MoPNG), the Directorate General of Hydrocarbons (DGH) and your Company's bankers for assistance and guidance provided during the year. The Directors also wish to convey their thanks to the employees of your Company for consistently achieving the highest levels of excellence and to the shareholders of the Company for their continued support and goodwill.

For and on Behalf of the Board

9 May 2000
New Delhi

R.N. KAPUR
Chairman



Dear Shareholder :

We would like to provide an update on the following developments with regard to the Company :

Signing of PSCs - New Fields

In the year 1995 your Company received Letters of Intent (LOIs) for entering into Production Sharing Contracts (PSCs) in respect of OGNAJ oilfield and KARJISAN gasfield with the Ministry of Petroleum and Natural Gas. Alongwith other Oil Companies (who also received LOIs at the same time), persistent efforts are being made to sign the PSCs for all these fields. SELAN's fields were shutdown by ONGC after initial discovery and are lying in disused/unused state for some time. After taking possession of the fields from ONGC, the Company plans to carry out certain work and studies to ensure viability of these fields commercially.

Dematerialisation of Shares

The Company has signed agreements with NSDL and CDSL for trading of its shares in dematerialised form with effect from 25 September 2000. Henceforth the trading of shares would only be permitted in dematerialised form. Interested shareholders may contact their respective Depository Participant.

Audit Committee

In order to ensure the highest standards of Corporate Governance, an Audit Committee of the Board of Directors has been appointed with Mr. B. M. Mirza, Senior Partner (Retd.), S. R. Batliboi & Co. as Chairman. Other members of the Audit Committee include Mr. R. N. Kapur, Mr. Rohit Kapur and Mr. V. B. Mahajan.

Buyback of Shares

As of 31 July 2000 your Company has bought back 6,51,850 shares (Six Lac Fifty One Thousand Eight Hundred and Fifty shares) (representing 3.7 % of the paid-up capital of the Company) at an aggregate cost of Rs. 7.16 million from the open market through Mumbai Stock Exchange, in terms of SEBI (Buyback of Securities) Regulations, 1998.

The Buyback programme has worked smoothly under the able guidance of our Merchant Bankers and Stock Brokers, i.e., HSBC Securities and Capital Markets (India) Private Limited and the assistance of SEBI and the Stock Exchanges.

Judging from the results of the Buyback Programme to date, the Board of Directors at its next meeting is likely to consider whether to reintroduce the Buyback Programme in the coming year.

Sincerely

A handwritten signature in black ink, appearing to read 'R. N. Kapur'.

R. N. Kapur
Chairman

1 August 2000