



**SELAN EXPLORATION TECHNOLOGY LIMITED**

**Annual Report 2002 – 2003**



*Rajinder Nath Kapur  
1929 - 2003*

*Mr. R. N. Kapur, Chairman of the Company, passed away in May of this year. He was 74 years old.*

*A man of strong intellect and great kindness, his soft spoken manner touched many lives with his patience, his humour and his simplicity.*

*Mr. Kapur leaves behind a Company rich in oil reserves and rich in cash reserves. In recent times, it was his greatest endeavor to see how the Company's tremendous wealth could soon translate into individual wealth for each of our shareholders.*

*Mr. Kapur's goals for the Company will continue to be our goals, and we will endeavor to remain true to his values, his principles and his beliefs.*

*We pay our deepest respects to him for having guided us with his vision and his kindness, and we will remember him always as a warm, affectionate and generous man whose humbleness was his soul.*

*The Board of Directors*

**ANNUAL REPORT****SELAN****BOARD OF DIRECTORS**

Mr. R. N. Kapur

*Founder and  
Former Chairman*

Mr. R. Kapur

*Chairman*

Mr. A. Mahajan

•

Dr. B. K. Barman

•

Mr. R. Mathrani

Mr. S. K. Singh

•

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***COMPANY SECRETARY**

Ms. Deepa Bassi

**AUDITORS**

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

**BANKERS**

Corporation Bank • Hongkong &amp; 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

# SELAN EXPLORATION TECHNOLOGY LTD.

## NOTICE (Contd.)

### NOTES:

- 1) A member entitled to attend and vote is entitled to appoint a proxy and such proxy need not be a member of the Company. The instrument appointing proxy may be sent in the form enclosed and in order to be effective must reach the Registered Office of the Company at least 48 hours before the Meeting.
- 2) Members are requested to notify change in their address, if any, quoting their folio number to the Registrar and Share Transfer Agents, MCS Ltd., Unit : Selan Exploration Technology Ltd., Sri Venkatesh Bhawan, 212-A Shahpurjat, Behind Panchsheel Club, New Delhi - 110 016.
- 3) Register of members and Shares transfer books of the Company will remain closed from 19 September 2003 to 25 September 2003 (both days inclusive).
- 4) Memorandum & Articles of Association of the Company and documents related to the Resolutions will be available for inspection at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on all working days except Saturdays and will also be available at the meeting.
- 5) At the ensuing Annual General Meeting, Mr. A. Mahajan and Mr. T. Currimbhoy retire by rotation and being eligible offer themselves for re-appointment. The information or details to be provided in respect of aforesaid Directors under code of Corporate Governance is as under :
  - (a) Mr. A. Mahajan, a distinguished businessman and Non – Resident Indian is having extensive business and investment interests in the USA and the UAE.
  - (b) Mr. Tarik Currimbhoy, a leading architect and Non – Resident Indian is living and practicing in New York. He did his post – graduate studies from Cornell University and is well known to the Indian Community in the US and the Middle East.
- 6) The members are requested to send their queries, if any on accounts or proposed resolutions at least 48 hours in advance of the meeting to the Company, so that the same may be answered satisfactorily at the meeting.
- 7) Members/ Proxies should bring the Attendance slip duly filled-in for attending the meeting.
- 8) Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of resolutions set out under item 5, 6 and 7 is annexed.

## EXPLANATORY STATEMENT

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

### Item No. 5

Mr. S. K. Singh has extensive experience in the Oil Industry having worked in Senior Management Positions with Burmah-Shell and later with Bharat Petroleum Co. Ltd.

Your Directors recommend the resolution for approval.

### Item No. 6

Mr. P. S. Oberoi is working as a Production Engineer in the Company since August 1997 and has been involved in bringing about the expansion in the business of the Company over the years. The Company's foray into development of oil fields has been supported by the foresight and technical acumen of Mr. P. S. Oberoi. Professionally an Operations Manager, he has vast experience of more than 30 years at ONGC, with respect to handling, drilling, production and workover services in various capacities at different places.

Your Directors recommend the resolution for approval.

### Item No. 7

In an effort to ensure a coordinated functioning of the Board of Directors, the amendment to Article 102 is being proposed.

Your Directors recommend the resolution for approval.

### Memorandum of Interest

None of the Directors is interested in the resolutions as set out under item no. 5 and 6 above. Mr. R. Kapur is interested in the resolution as set out under item no. 7 above being a Permanent Director of the Company.

By Order of the Board  
for SELAN EXPLORATION TECHNOLOGY LTD.

24 July 2003  
New Delhi

DEEPA BASSI  
Company Secretary

# SELAN EXPLORATION TECHNOLOGY LTD.

Regd. Office : First Floor, 11 Hauz Khas Village, New Delhi - 110 016

## NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of Selan Exploration Technology Limited will be held at Ashok Country Resort, Rajokri Road, Kapashera, New Delhi - 110 037 on Thursday, 25 September 2003 at 10 : 00 A.M. to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March 2003 and Profit and Loss Account for the year ended on that date alongwith the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. A. Mahajan, who retires by rotation and being eligible for re-appointment, offers himself for re-appointment.
3. To appoint a Director in place of Mr. T. Currimbhoy, who retires by rotation and being eligible for re-appointment, offers himself for re-appointment.
4. To appoint M/s V. Sankar Aiyar & Co., Chartered Accountants, as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on such remuneration as may be fixed by the Board of Directors of the Company.

### SPECIAL BUSINESS

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

#### As Ordinary Resolution:

#### 5. APPOINTMENT OF DIRECTOR

"RESOLVED THAT in conformity with the provisions of Section 260 of the Companies Act, 1956, Mr. S. K. Singh, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office under Section 260 of the Companies Act, 1956 only upto the date of this Annual General Meeting, be and is hereby elected and appointed as a Director of the Company".

#### 6. APPOINTMENT OF MANAGER

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 384, 385, 386 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mr. P. S. Oberoi as a Manager of the Company for a period of three years with effect from 1 October 2003 on a remuneration, including perquisites, as per Schedule XIII of the Companies Act, 1956, as amended from time to time and such other guidelines as may be issued hereinafter in this regard, and as per terms specified in the agreement placed before the meeting, and initialed by the Director for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER that in terms of the revised Schedule XIII of the Companies Act, 1956, a remuneration not exceeding Rs. 500,000 (Rupees Five Hundred Thousand only) per annum be and is hereby approved for payment with effect from 1 October 2003 to Mr. P. S. Oberoi.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as "the Board" which term includes any Committee which the Board may constitute to exercise the powers, including the powers conferred by this resolution) be and is hereby authorised to take all steps for the purpose of giving effect to these resolutions, including the execution of the agreement and that they are empowered to increase, alter and vary the terms and conditions of the said appointment / remuneration as may be deemed proper and fit."

#### As Special Resolution:

7. "RESOLVED THAT Article 102 of the Articles of Association of the Company be altered pursuant to Section 31 of the Companies Act, 1956, in the manner as setout below :

Introduce the words "or by circulation" after the words "or a Committee thereof" and introduce the words "which should include an affirmative vote of a Permanent Director" after the words "shall be decided by a majority of votes".

By Order of the Board  
for SELAN EXPLORATION TECHNOLOGY LTD.

24 July 2003  
New Delhi

DEEPA BASSI  
Company Secretary

**DIRECTORS' REPORT****SELAN**

Your Directors have pleasure in presenting the Annual Report for the year ended 31 March 2003.

The international prices of crude oil witnessed a significant increase following the Gulf crisis during the last financial year, only to stabilize by the end of the year.

During the last financial year, Government of India continued the process of planned liberalisation of Oil Sector by offering more Small and Medium sized Oil & Gas fields by way of New Exploration Licensing Policy (NELP) and Coal Bed Methane (CBM) projects with the increasing participation of private sector oil firms. The crude production scenario in the country has also begun to improve with private players striking oil and gas reservoirs in the Country. It is expected that with increased domestic production, an overall thrust could be achieved in the economy.

**FINANCIAL REVIEW**

At the provisional international prices of crude which your Company is receiving from Government of India, the Company achieved the following results :

(Rs. Millions)	2002-03	% to Total Sales	2001-02	% to Total Sales
a) Sale of Crude Oil	85	94	64	91
b) Other Income	5	6	6	9
<b>TOTAL</b>	<b>90</b>	<b>100</b>	<b>70</b>	<b>100</b>
<b>PROFIT BEFORE TAX</b>	<b>17</b>	<b>NA</b>	<b>14</b>	<b>NA</b>

During the year, the Profit before Income Tax of the Company stood at Rs. 17.09 million as against Rs. 14.39 million during the year 2001-02.

In accordance with Accounting Standard 22 – Taxes on Income which is applicable from 1 April 2001, deferred tax liability is required to be reflected in the accounts. As a result net cumulative deferred tax liability of Rs. 38.12 million upto 31 March 2003 has been reduced from brought forward surplus and shown separately in the Balance Sheet. Total Reserves and Surplus have increased from Rs. 79.76 million to Rs. 86.53 million upto 31 March 2003.

**OPERATIONS REVIEW**

During the financial year 2002 – 03 the Company produced 68,990 barrels of crude oil cumulatively from its three fields (viz. Bakrol, Indrora and Lohar) which is 6% more in comparison to last years production of 65,038 barrels of crude oil. The Company has been taking steps to develop its fields in a phased manner (especially the Bakrol oilfield), so that production from the fields can further be enhanced.

The Company has been negotiating with the Government of India for signing two more Production Sharing Contracts for Karjisan Gas Field and Ognaj Oil Field in onshore Gujarat. It is expected that during the year the two Contracts would be signed by the Company with the Government of India. The turnover and profitability of your Company is expected to improve after the signing of these Contracts.

**BUYBACK OF SHARES**

The Company successfully completed the planned Buyback of Equity Shares on 29 January 2003. The Company in this buyback purchased 1,049,950 shares for a total cumulative consideration of Rs. 11.28 million. Consequently, the paid – up share capital of the Company is reduced to Rs. 142.50 million as on 31 March 2003. In terms of Section 77AA of the Companies Act, 1956, the Company has transferred a sum of Rs. 10.50 million to Capital Redemption Reserve Account.

**DIRECTORS' REPORT (CONTD...)****SELAN****BOARD OF DIRECTORS**

The Chairman of your Company, Mr. R. N. Kapur passed away on 13 May 2003. Mr. Kapur, as one of the founders of the Company, had been instrumental in our Company's growth. The Company achieved many a milestone under Mr. Kapur's leadership. Your Directors convey their deepest respects to Mr. Kapur for his dedication to the Company, and pray that his soul rest with God in eternal peace.

Mr. A. Mahajan and Mr. T. Currimbhoy retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. During the year, Mr. B. M. Mirza resigned from the Board of Directors on 30 September 2002. Your Directors wish to convey their thanks for the guidance and advice rendered by Mr. Mirza during the years of his association with the Company.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors do hereby state that in 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 judgements 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. The Auditors' observation on the repayment of the ERAS loan to the All India Financial Institutions is self explanatory in Note 2 of Notes on Accounts.

**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.

**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. 17 & 18 of the Notes forming Part of the Accounts.

**PERSONNEL**

The Company does not have any employee whose name and particulars are required to be included in the report of Directors as per the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended.

**ACKNOWLEDGEMENTS**

Your Directors appreciate the devoted service by the employees of the Company for its continued success and also express their gratitude to Ministry of Petroleum and Natural Gas, Government of India and the Bankers of the Company for their broad assistance and co-operation. Your Directors immensely value the continued support and encouragement received from the shareholders and view the coming year with optimism.

for and on Behalf of the Board

24 July 2003  
New Delhi

**R. KAPUR**  
Chairman