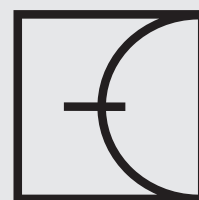


ANNUAL REPORT 2013-14



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 • Dr. D. J. Corbishley

COMPANY SECRETARY

Ms. Deepa Bhalla

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 Share Transfer Agent Limited
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 31st March, 2014.

Financial Review

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

	2011-12	2012-13	2013-14
Net Sales	927,295,571	970,589,105	1,012,697,496
EBIDTA	838,514,401	889,068,783	945,836,453
EBIDTA / Net Sales	90%	92%	93%

Total Reserves and Surplus of the Company have increased from ₹2,209,466,928 to ₹2,454,044,676 as on 31st March, 2014.

Review of Operations

The ongoing operations of the Company continued to function in a smooth and efficient manner during the year. The Company was able to successfully complete the drilling of nearly 10 new wells during the year, in a highly cost efficient manner.

This drilling campaign will help increase the Company's production volumes during the course of time. We also expect that the data gathered from these wells will further enhance our understanding of our reservoirs.

The complex geology of the Cambay Basin makes these reservoirs highly heterogeneous in nature, thus resulting in a wide range of outcomes with respect to oil and gas volumes, and differing options on well completion / design.

The Company is now engaged with several technology providers across the United States, Canada and the United Kingdom to help arrive at the optimal completion technologies to be utilized by the Company.

The Company continues to apply for additional approvals for drilling of wells in our fields. With a new Government likely at the Centre, the industry as a whole is hopeful that new approaches to the approval processes may be considered.

For additional details regarding the Company's operations, please refer to the Management Discussion and Analysis section of the Annual Report.

Buyback of Equity Shares

The Company successfully completed the planned Buyback of Equity shares on 13th September, 2013. The Company in this Buyback purchased 587,043 shares for a total cumulative consideration of ₹1,609.71 lacs. Consequently, the paid-up share capital of the company is reduced to ₹1,640.00 lacs as on 31st March, 2014.

Final Dividend

The Directors are pleased to inform that in the financial year 2013-14, the Board of Directors have declared an interim dividend of 50%, i.e. ₹ 5/- per share, which shall be declared as final dividend for the year 2013-14 subject to approval by the shareholders of the Company in the forthcoming AGM.

Board of Directors

Dr. D. J. Corbishley, Mr. S.K. Singh and Mr. V.B. Mahajan, Directors whose period of office is liable to determination by retirement of directors by rotation, in terms of Section 149 and any other applicable provisions of the Companies Act, 2013, they being eligible, offer themselves for appointment as Independent Directors for five consecutive years for a term upto 31st March, 2019.

Mr. T. Currimbhoy, Director who retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, he being eligible, offers himself for appointment as Independent Director for five consecutive years for a term upto 31st March, 2019.

The Company has received requisite notices in writing from members proposing their candidature for the same. The Company has received declarations from all the said Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

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. Judgements / 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 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 for three consecutive years, to hold office from the conclusion of this Annual General Meeting, until the conclusion of 32nd Annual General Meeting of the company, subject to ratification at every Annual General Meeting. The remuneration of the auditors shall be fixed by the Board after getting shareholders' consent as usual.

The Company has received confirmation from M/s V. Sankar Aiyar & Co. to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

Cost Accounting Records

The Company has maintained Cost Records as required by Cost Accounting Record Rules (Petroleum Industry) 2002. In terms of the Ministry of Corporate Affairs order dated 2nd May, 2011 Cost Records in respect of each year commencing from 1st April, 2011 has to be Audited by Cost Auditor, holding a valid certificate of practice under the provisions of Cost and Works Accountants Act, 1959. In compliance with the aforesaid requirement the Cost Accounting Records of the company for the financial year 2013-14 are being audited by Mr. S. N. Balasubramanian, Qualified Cost Accountant. The Cost Audit for the year ended 31st March, 2013 was carried out by the same Auditor and the report was filed on 8th October, 2013 in XBRL mode.

However, the due date for filing of the Cost Audit Report in XBRL mode for the year ended 31st March, 2013 was 30th September, 2013.

The due date for filing the Cost Audit Report for the financial year ended 31st March, 2014 is 30th September, 2014.

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

Your Directors place on record their gratitude and express their earnest appreciation for the valuable efforts of every employee of the organization without which the Company would not have been able to undertake the challenging targets in all areas of operations. 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

Place : New Delhi
Date : 10th May, 2014

R. KAPUR
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Developments

The industry is expecting significant changes in oil and gas policies, the approval process and implementation of business plans, if a stable, new government comes to power at the centre.

The stability and continuity of government policies is a key consideration with respect to development and execution of future business plans.

A greater emphasis on the ability of the country to achieve higher levels of domestic production is important to help improve the fiscal stability of the nation.

Continued levels of high oil prices have made investments in oil and gas opportunities possible all across the globe. However, in India, these investments are still to be realized and the government needs to make serious efforts in this direction.

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 received certain environmental and drilling approvals during the year. However, the approvals are now valid only for the fiscal year in which they are received, irrespective of how late in the fiscal year they are received. As such, the process is ongoing and unpredictable.

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.

The Company is actively pursuing various reservoir engineering and production engineering technologies across the globe in an effort to find the most appropriate completions for the new wells being drilled. These can add to the production / life cycle of the wells and help the Company in achieving its volume growth objectives in the coming years.

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.

Complying with international tendering procedures, import from abroad of long lead items and lining up of rig and allied services represents a challenging time line.

Another area of concern is the delay in land acquisitions, which affects the various development and production activities to be implemented.

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

SELAN carries minimum financial risk.

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. Internal and external audits are conducted on a regular basis to ensure transparency and statutory compliance.

7. Human Resources Development / Industrial Relations

SELAN takes full pride in acknowledging its efficient, dedicated and hardworking team which has lead 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. It facilitates and promotes an encouraging and professional working environment.

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

In our Company, Corporate Governance philosophy stems from our belief that Corporate Governance is the foundation for building and sustaining growth and achieving success. The Corporate Governance Policy of SELAN rests upon the four pillars of Transparency, Full Disclosure, Independent Monitoring and Fairness to all. SELAN believes that good Corporate Governance practices ensure ethical and efficient conduct of the affairs of the Company and also help in maximizing value for all its stakeholders like customers, employees and society at large thereby ensuring that rights and privileges of societies and environments are respected within which the Company operates.

SELAN recognizes that good Corporate Governance is a continuous exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all its stakeholders.

For effective implementation of Corporate Governance practices, SELAN has prescribed a 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 ensure 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 2013-14.

2. Board of Directors

i. Composition of Board

The Board of Directors of the Company comprises of :

- One Executive Director
- Four 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	-	-	-	11	Yes
S. K. Singh	Non – Executive and Independent Director	-	-	-	11	Yes
T. Currimbhoy *	Non – Executive and Independent Director	-	-	-	01	No
V. B. Mahajan	Non – Executive and Independent Director	-	-	-	11	Yes
D. J. Corbishley*	Non – Executive and Independent Director	-	-	-	02	No

* 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 11 Board Meetings held during the financial year 2013-14, as per the provisions of Clause 49 of the Listing Agreement. The dates on which the meetings were held are : 5th April 2013, 22nd April 2013, 9th May 2013, 11th May 2013, 26th June 2013, 10th August 2013, 23rd August 2013, 9th September 2013, 9th November 2013, 8th February 2014 and 25th February 2014. The Board has reviewed the compliance of all laws applicable to the Company.

3. Audit Committee

As per the provisions of the Listing Agreement, the Audit Committee of the Company was constituted on 9th 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 292A of the Companies Act, 1956.

The Committee met four times during the financial year 2013-14 (6th May 2013, 2nd August 2013, 30th October 2013 and 8th February 2014). All the Committee members were present at all the meetings.

4. Remuneration Committee

The Remuneration Committee of the Company has been set up for monitoring, implementation of Company's remuneration system and make recommendations to the Board in connection with the same and 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, Members. The Chairman of the Committee is an independent director. The Committee met four times during the year (on 19th April 2013, 30th July 2013, 28th October 2013 and 29th January 2014) 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 33 & 35 of Notes on Accounts. The other Non-Resident Directors were 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 eight 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 31st March, 2014.

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. Deepa Bhalla
Designation : Company Secretary
E-mail Id : investors@selanoil.com

6. Buyback of Share Committee

The Board has 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 six times during the year and all the members were present at these meetings.

7. Corporate Social Responsibility Committee

SELAN as a responsible corporate citizen strives to enhance value creation in the society and in the community in which it operates. In alignment with the mandatory provisions under section 135 of the Companies Act, 2013, a Committee has been constituted to guide the company in undertaking CSR activities in a focused and structured manner and review CSR Policy from time to time. The CSR Committee comprises of Mr. V. B. Mahajan (Chairman), Mr. R. Kapur and Mr. S. K. Singh as Members.

8. Women Empowerment

SELAN believes that every woman shall have the right to work in an environment free from any form of Sexual Harassment. In order to comply with the mandate of Sexual Harassment of Women at Workplace Act, 2013, SELAN has constituted an "Internal Complaints Committee" to prevent, prohibit and punish sexual harassment of women at workplace thereby providing safe and healthy working environment to its women employees.

9. General Body Meeting

Location and time for last three Annual General Meetings were :

Year	AGM	Location	Date	Time
2010-11	AGM	Ashok Country Resort, New Delhi	23/09/2011	10 : 00 a.m.
2011-12	AGM	Ashok Country Resort, New Delhi	08/08/2012	10 : 00 a.m.
2012-13	AGM	Air Force Auditorium, New Delhi	05/08/2013	10 : 00 a.m.

10. 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 33 & 35 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

11. Means of Communication

Timely disclosure of consistent, relevant and reliable information on financial performance is at the core of good governance. The Company communicates with its shareholders through its Annual Report, General Meetings and disclosures through its website

As per the requirements of the Listing Agreement and in order to give wider publicity 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).

Information and latest updates and announcement regarding the Company can be accessed at company's website www.selanoil.com including the following:-

- Quarterly /Annual Financial Results
- Quarterly Shareholding Pattern

- Annual Report
- Announcements/Advertisements

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

12. General Shareholder Information

- (i) Annual General Meeting :

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

- (ii) Calendar for financial year 2014-15 (Tentative) :

Annual General Meeting	To be decided
Results for quarter ending 30 th June, 2014	Fourth week of July, 2014
Results for quarter ending 30 th September, 2014	Second week of November, 2014
Results for quarter ending 31 st December, 2014	Second week of February, 2015
Results for quarter ending 31 st March, 2015	Second week of May, 2015

- (iii) Book Closure Date :

To be decided

- (iv) Dividend :

During the year 2013-14, the Board of Directors of the Company had declared an interim dividend of 50% i.e. ₹5/- per share. This has been paid to the shareholders on 7th March, 2014. This is now being put for approval of the shareholders as final dividend for the year 2013-14 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 2013	274.00	236.00	19,622.68	18,144.22
May 2013	265.90	211.00	20,443.62	19,451.26
June 2013	276.80	238.00	19,860.19	18,467.16
Jul 2013	278.00	236.00	20,351.06	19,126.82
Aug 2013	265.00	240.00	19,569.20	17,448.71
Sept 2013	292.50	258.00	20,739.69	18,166.17
Oct 2013	322.00	259.70	21,205.44	19,264.72
Nov 2013	333.00	292.00	21,321.53	20,137.67
Dec 2013	339.70	289.00	21,483.74	20,568.70
Jan 2014	394.00	297.00	21,409.66	20,343.78
Feb 2014	497.60	384.70	21,140.51	19,963.12
Mar 2014	542.80	420.00	22,467.21	20,920.98

- (viii) Registrar and Transfer Agents :

MCS Share Transfer Agent 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 or without demat requests are registered within an average of 15 days from the date of receipt.

(x) Distribution of shareholding as on 31st March, 2014 :

Category	No. of Shares Held as on 31.03.2014	% Holding
Promoters :		
- Indian	2,745,386	16.74
- Foreign	4,349,216	26.52
Mutual Funds / UTI	331,299	2.02
Financial Institution / Banks	460	0.003
Foreign Institutional Investors	1690	0.01
Private Corporate Bodies	1,085,285	6.62
Indian Public	6,695,804	40.83
Trusts and Foundations	5,715	0.03
NRIs / OCBs	1,185,145	7.23
GRAND TOTAL	16,400,000	100.00

(xi) Dematerialisation of shares :

95.67 % of the outstanding shares have been dematerialized upto 31st March, 2014.

Trading in equity shares of the Company is permitted only in dematerialized form w.e.f. 25th 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) (a) 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 Share Transfer Agent Limited
Unit : Selan Exploration Technology Ltd.
F – 65, First Floor, Okhla Industrial Area, Phase – I
New Delhi – 110 020

(b) 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 CERTIFICATE 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. ("the Company") for the year ended on 31st March 2014, as stipulated in Clause 49 of the listing agreement of the said Company with stock exchanges in India.
2. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the conditions of 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 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 : 10th May, 2014

(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 31st March, 2014 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.

Place : New Delhi
Date : 10th May, 2014

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)

INDEPENDENT AUDITORS' REPORT

To the Members of Selan Exploration Technology Limited

Report on Financial Statements

We have audited the accompanying financial statements of SELAN EXPLORATION TECHNOLOGY LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2014 and the Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by section 227(3) of the Act, 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 purpose 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 comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
- e) On the basis of written representations received from the directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31.03.2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

2. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable, on the basis of information & explanations obtained and such checks as we considered necessary.

For V. Sankar Aiyar & Co.
Chartered Accountants
(Firm's Regn. No. 109208W)

Place : New Delhi
Date : 10th May, 2014

(M. S. Balachandran)
Partner
(Membership No. 024282)



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 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 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, Investor Education and Protection 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 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 31st March, 2014 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 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. The Company has not taken any term loan during the year.
17. According to the information and 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 material 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)

Place : New Delhi
Date : 10th May, 2014

(M. S. Balachandran)
Partner
(Membership No. 024282)