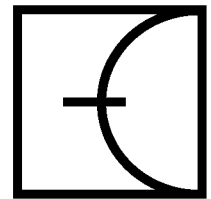


ANNUAL REPORT 2017-18



Late Mr. R. N. Kapur

Founder and Former Chairman

BOARD OF DIRECTORS

Mr. R. Kapur, *Chairman*

- Mr. T. Currimbhoy • Dr. D. J. Corbishley
- Mr. R. S. Sidhu • Ms. S. Bhagwati Dalal • Mr. M. Singh

PRESIDENT & CEO

Mr. N. Sethi

CHIEF FINANCIAL OFFICER

Mr. A. K. Maurya

COMPANY SECRETARY

Ms. Meenu Goswami

STATUTORY AUDITORS

J. A. Martins & Company, Chartered Accountants, New Delhi

COST AUDITOR

Mr. R. Krishnan

BANKERS

Yes Bank • State Bank of India • Corporation Bank

REGISTERED OFFICE

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

REGISTRAR AND SHARE TRANSFER AGENTS

MCS Share Transfer Agent Ltd., 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 31 March 2018.

Financial Review

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

	2015-16	2016-17	2017-18
Net Sales	6,203	5,584	7,661
EBIDTA	4,761	4,311	5,448
EBIDTA / Net Sales	77%	77%	71%

Total Reserves and Surplus of the Company have increased from ₹26,579 lakhs to ₹27,800 lakhs as on 31 March 2018. During the year under review, an amount of ₹5.65 lakhs transferred to Site Restoration Fund.

Review of Operations

The Company has significantly increased profitability and cash flow from operations year over year, due to increased production as a result of focused capital investment in production enhancement, supported by improved hydrocarbon prices. Oil production increased to 201,276 bbls in 2017-18 from 165,262 bbls in 2016-17 and gas production increased from 6,048,214 m3 to 7,622,988 m3 in 2017-18. The company has successfully delivered four quarters of growth in production.

Organizational enhancement with internationally accomplished management and technical advisory team has been the key factor in delivering these results, with demonstrable improvement in operational execution, better understanding of reservoir geology and production potential as well as more effective deployment of capital for production enhancement.

Indrora field has delivered its highest production since the discovery of the field in 1968. Karjisan oil discovery has been put on regular production. Karjisan gas production has also commenced. Pilot production enhancement activities have also been successful in Lohar which hold promise of improved recovery over the long term.

Last but not the least, Bakrol, the primary producing field in the Company has undergone significant production enhancement activities in terms of hydraulic stimulation and production optimization and significantly improved production over last year and continues to deliver higher production.

During the year, the Company has also submitted its application for a 10-year extension beyond March-2020 of its Production Sharing Contracts for Lohar, Bakrol and Indrora to DGH. The company believes that all regulatory, operational and compliance requirements for contract extension are in place and the applications are under review with DGH.

Please also refer to the Management Discussion and Analysis section of the Annual Report for further clarification regarding Company's operations and policies.

Final Dividend

The Directors are pleased to inform that in the financial year 2017-18, 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 2017-18 subject to approval by the shareholders of the Company in the forthcoming AGM.

Transfer to IEPF

During the year, in accordance with the provisions of section 124(5) and 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit Transfer and Refund) Rules, 2016 and subsequent amendment thereto ("the Rules"), an amount of ₹718,186.50 being Unclaimed Dividend for the Financial Year 2010-11 alongwith 87,988 equity shares were duly transferred to the Investor Education and Protection Fund established by the Central Government.

Number of Meetings of the Board

There were eight Board Meetings held during the Financial Year 2017-18. Details of the same forms part of the Corporate Governance Report.

Declaration of Independence by Directors

Declaration given by Independent Directors meeting the criteria of Independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 is received and taken on record.

Directors Responsibility Statement

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, 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. Judgments / 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, 2013, for upkeep of 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. The Directors have laid down internal financial controls to be followed by the Company and such Internal financial controls are adequate and operating effectively. Lastly, the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

Policy on Directors' Appointment and Remuneration

Considering the requirement of skill set on the Board, eminent people having an independent standing in their respective field / profession and who can effectively contribute to Company's business and Policy decisions are considered by Nomination and Remuneration Committee for appointment as Independent Director on the Board. The Committee considers ethical standards of integrity, qualification, expertise and experience of the person for appointment as Director and is not disqualified under Companies Act, 2013 and rules made thereunder and accordingly recommend to the Board his / her appointment.

Remuneration to Whole-Time Director is governed under the relevant provisions of Companies Act, 2013 and rules made thereunder. Independent/ Non-Executive Directors excluding Promoter Directors are paid sitting fees for attending the meetings of the Board / Committees thereof.

The Nomination and Remuneration Committee recommends the remuneration of Directors and Key Managerial Personnel, which is approved by the Board of Directors, subject to approval of shareholders where necessary. The level and composition of Remuneration so determined shall be reasonable and sufficient to attract, retain and motivate Directors and Senior Management to run the Company. The objective and broad framework of the Remuneration Policy is to consider and determine the remuneration, based on the fundamental principles of payment for performance, for potential and for growth. The Nomination and Remuneration Policy as approved by the Board may be accessed on Company's website at www.seloil.com. The Board considers the Nomination and Remuneration Committee's recommendation and takes appropriate decision.

Contracts / Arrangements with Related Parties

All the related party transactions are entered on arm's length basis in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. Details of all related party transactions are reported to the Audit Committee for scrutiny / review and referred for approval of the Board on a quarterly basis. There are no materially significant related party transactions made by the Company with Promoters, Directors or KMP etc. which may have potential conflict with the interest of the Company at large which warrants the approval of shareholders. Accordingly, the disclosure of related party transactions as required under Section 134 (3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable to the Company. Omnibus

approval is obtained for the transactions which are foreseen and repetitive in nature. Transactions with related parties are conducted in a transparent manner with the interest of the Company as utmost priority. Details of such transactions are given in the accompanying Financial Statements. The Company's policy on Related Party Transactions is available at our website www.selanoil.com.

Whistle Blower Policy

The Company has adopted a Vigil Mechanism / Whistle Blower Policy to provide a formal mechanism to the Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Policy. This policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. This policy is available on the Company's website at www.selanoil.com.

Risk Management

Risk Management is a formal and disciplined practice for addressing risk. Selan has in place comprehensive risk assessment and minimization procedures, which are reviewed by Board periodically. The objective of risk management in the Company is to act as an enabler in maintaining its knowledge edge, sustaining and expanding the business, being competitive and ensuring execution of projects within budgeted cost, time and quality, resulting in improved turnover and profitability. The Company has laid down a well defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. It includes identifying risks, assessing their probabilities and consequences, developing management strategies and monitoring their state to maintain situational awareness of changes in potential threats.

Corporate Social Responsibility

The Company has in place CSR Policy in line with Schedule VII of the Companies Act, 2013 which is available at our Company's website www.selanoil.com. Selan is committed to driving societal progress, while fulfilling its business objectives. With safety, health and environment protection high on its corporate agenda, Selan is committed to conduct business with a strong environment conscience, so as to ensure sustainable development, safe work places and enrichment of life of employees, clients and the community. The Corporate Social Responsibility Committee comprises of five members, out of which four are non- executive and independent Directors including the Chairman. Brief details about the CSR Policy developed and implemented by the Company on CSR initiatives taken during the year is given in Annexure-C to this Report.

Board Evaluation

In compliance with the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an Annual Performance Evaluation of its own performance, Directors individually and that of its Committees. During the year, a Separate Meeting of Independent Directors was held to assess the performance of Non-Independent Director and the Chairperson of the Company as well as the Board as a whole. Performance Evaluation is based on their contribution to Company's objectives and plans, efficient discharge of their responsibilities, participation in Board / Committee meetings and other relevant parameters.

Board of Directors and KMP

During the year under review, Mr. V. B. Mahajan passed away peacefully on 05 August 2017. Mr. Mahajan had been a member of the Board for over 22 years, since 1995, and was the senior most member of the Board of Directors. The Company places on record its appreciation for the guidance provided by Mr. V. B. Mahajan over the years.

Mr. R. S. Sidhu was inducted as an Additional Director with effect from 18 August 2017 to hold office upto the ensuing Annual General Meeting of the Company.

Dr. D. J. Corbishley and Mr. T. Currimbhoy, Independent Directors, whose term expires on 01 April 2019, being eligible, offers themselves for re-appointment as Independent Directors, with effect from 01 April 2019 to 31 March 2019.

The Company has received requisite notices in writing from members proposing their candidature for the same. The Nomination and Remuneration Committee has recommended their re-appointment for a further period of 5 years up to 31 March 2024. The Company has received declarations from the said Independent Directors of the Company confirming that they meet the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Listing Agreement with the Stock Exchanges. The Board has approved their re-appointment subject to approval of shareholders in the ensuing Annual General Meeting.

Mr. R. Kapur, Whole- time Director whose term expires on 01 October 2018, being eligible, offers himself for re- appointment. The Board has approved his re-appointment with effect from 01 October 2018 for a period of 5 years, subject to approval of shareholders in the ensuing Annual General Meeting.

The brief details relating to aforesaid appointments are furnished in the Explanatory Statement to the Notice of the ensuing Annual General Meeting.

Auditors and Their Report

M/s J. A. Martins & Co., Chartered Accountants, (FRN:010860N) Statutory Auditors of the Company, were appointed in the 32nd AGM to hold office until the conclusion of 37th AGM, subject to ratification at every AGM. Therefore, ratification of appointment of Statutory Auditors is being sought from the members at the ensuing AGM.

There are no qualifications or reservations or remarks or frauds reported by the Auditors in their Report.

Cost Accounting Records

During the year under review, Mr. R. Krishnan, Cost Accountant (Membership No. 7799) was appointed as Cost Auditor for the Financial Year 2017-18 in place of Mr. S. N. Balasubramanian, Cost Auditor who expired on 20 November 2017. The remuneration of the Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors will be ₹120,000/- per annum which is subject to ratification by the members in the ensuing Annual General Meeting.

The Board of Directors has on the recommendation of Audit Committee, approved the appointment of Mr. R. Krishnan, Cost Accountant (Membership No. 7799) as the Cost Auditor of the Company for the Financial Year 2018-19 at a remuneration of ₹120,000/- per annum. The proposed remuneration of the Cost Auditor would be ratified by the members in the ensuing AGM. The Cost Audit for the year ended 31 March 2017 was carried out by Mr. S. N. Balasubramanian and the report was filed on 16 October 2017.

Secretarial Audit Report

Secretarial Audit Report confirming compliance to the applicable provisions of Companies Act, 2013, Listing Agreement, SEBI guidelines and all other related rules and regulations obtained from our Secretarial Auditors, M/s Nityanand Singh & Co., Company Secretaries forms part of this Annual Report as Annexure-A.

Internal Auditor

In compliance with the provisions of Section 138 of the Companies Act, 2013, M/s V. Sankar Aiyar & Co., Chartered Accountants were appointed as Internal Auditors for the Financial Year 2017-18 to conduct the internal audit of the functions and activities of the Company. They have submitted



their Report to the Chairman of the Audit Committee and this was further reviewed by the Management and taken on record.

Corporate Governance Report

Corporate Governance stems from the belief and realization that corporate citizenship has a set of responsibilities, which must be fulfilled for a company to progress and succeed over the long term. In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 regarding the compliance with the Code of Conduct also forms part of this Annual Report.

Extract of the Annual Return

Relevant Extract of the Annual Return is given in Annexure – B to this Report.

Loans, Guarantees or Investments

The Company has not given any loan or guarantee nor has made any investment during the year under report attracting the provisions of Section 186 of the Companies Act, 2013.

Deposits

The Company has not accepted any deposits during the year under report nor did any deposits remain unpaid or unclaimed at the end of the year.

Internal Financial Controls and their adequacy

As per Section 134(5)(e) of the Companies Act, 2013, the Directors have an overall responsibility for ensuring that the Company has implemented robust system and framework of Internal Financial Controls. This provides the Directors with reasonable assurance regarding the adequacy and operating effectiveness of controls with regard to reporting, operational and compliance risks. The Company has devised appropriate systems and framework including proper delegation of authority, policies and procedures, effective IT systems aligned with business requirements, risk based internal audits, risk management framework and whistle blower mechanism. These are routinely tested and certified by Statutory as well as Internal Auditors. The Audit Committee evaluates the internal financial control system periodically.

Significant and Material orders passed by the Regulators/ Courts/ Tribunals

No significant or material orders were passed by the Regulators or Courts or Tribunals which impacts the going concern status and Company's operations in future.

Women Empowerment

SELAN has always believed that appropriate standard of conduct should be maintained by the employees in their conduct and that there should be a safe, indiscriminatory and harassment free (including sexual harassment) work environment for every individual working in the company. SELAN has a 'Policy on Prevention of Sexual Harassment of Women at Workplace' which provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. During the year under review, the Company has not received any complaint of sexual harassment from any of the woman employee of the Company.

Audit Committee

The Audit Committee comprises of four members, out of which three are non-executive and independent Directors including the Chairman. The Audit Committee's composition, powers and role are included in Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board of Directors.

CEO / CFO Certification

Mr. N. Sethi, President & CEO and Mr. A. K. Maurya, CFO of the Company have certified to the Board that all the requirements of the Listing Obligations, *inter alia*, dealing with the review of financial statements and Cash flow statement for the year ended 31 March 2018, transactions entered into by the Company during the said year, their responsibility for establishing and maintaining internal control systems for financial reporting and evaluation of the effectiveness of the internal control system and making of necessary disclosures to the Auditors and the Audit Committee have been duly complied with.

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 134(3)(m) of the Companies Act, 2013, 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. 48 of the Notes forming Part of the Accounts.

Material Changes and Commitments

There have not been any material changes and commitments affecting the financial position of the Company between the end of the Financial year of the Company as on 31 March 2018 and the date of this Report.

Personnel

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, 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 would like to express their earnest appreciation for the valuable efforts of every employee at all levels for their hard work, dedication and commitment without which the Company would not have been able to undertake the challenging targets in all areas of operations. The Company believes in empowering its employees through greater knowledge, team spirit and developing greater sense of responsibility. 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 also wish to place on record their deep sense of appreciation for the committed services by all 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, particularly, wish to acknowledge and place on record the continuous support and guidance of all the shareholders and, more importantly, for the confidence reposed in the Company's management.

For and on behalf of the Board

Place : New Delhi
Date : 15 May 2018

R. KAPUR
Chairman
(DIN : 00017172)

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Developments

Oil and Gas sector is critical to the functioning of the economy and is one of its driving forces. India is moving steadily towards emerging as a leading global economy aided by several transformational reforms and innovative campaigns by the Government. With continued focus on high technology and improving efficiency, Company is likely to achieve its production targets. The Company is taking effective steps to improve operational efficiency to maintain the earnings. The Company is in the process of executing elaborate plans for the development of its oil and gas fields. Efforts are made in terms of enhancement of production from existing pay zones, workover of existing wells and drilling of new wells.

Exploration and production sector has remained a main focus area, more so after Hon'ble Prime Minister asked India to reduce import dependence by 10% by 2022. The Government is also working proactively on a number of other fronts to make the upstream sector vibrant on the regulation side as we are aware, marketing and pricing freedom has been given to operators for blocks awarded under CBM, DSF, difficult areas and HELP policies. At present, India is the third largest oil consumer in the World, thus placing an enormous focus on its energy security. Government is committed to transform the Indian hydrocarbon sector and provide clean, reliable and affordable energy to its citizenry alongwith pursuing the green path to progress. Having come thus far, the Government now wants to propel Indian E & P to the next higher orbit. The Industry is expecting significant changes with new oil and gas policies introduced by the Government which will lead to easy approval processes and easy implementation of business plans.

Government is consciously trying to reduce administrative and regulatory road blocks and to infuse new technology. Government remains committed for making sustained and significant efforts to liberalize the sector by simplifying processes, increasing market access and bringing developments in the technology domain with the aim to enhance the efficiency of our oil and gas industry. There is a need for introducing new thinking, new technologies and remaining ahead of the curve. At Selan, we view these developments positively and consider them to be opportunities for us to leverage our potential and contribute to Nation's energy security in a meaningful way.

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 submitted PSC extension applications with DGH for extension of PSCs of Bakrol, Indrora and Lohar as these applications have to be submitted 2 years in advance of the expiry date of PSCs. The Company has also made ongoing efforts to strengthen its management team.

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

The oil and gas sector is among the core industries in India and plays a major role in influencing decision making for all the other important sections of the economy. The hydrocarbon business is a high investment, high risk business with long gestation periods. Therefore, the fiscal stability and taxation structure should be progressive and long-term. Far reaching reform like the Goods & Services Tax (GST), must include the hydrocarbon sector as a principal element in implementation.

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. Therefore, the data is constantly being reanalyzed and reinterpreted with modern software and technology to help improve recovery of oil and gas reserves.

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 inherent risks of dealing with nature cannot be completely overlooked and therefore drilling activity poses an enormous 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 unpredictability of profits in this industry.

(ii) Project Constraints

Shortage of drilling rigs and associated oilfield services has been a major problem in the region where the Company operates. Due to the limited number of service providers available, the Company is required to tie-up with oilfield service 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 urbanization and 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 service 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. Opportunities and Threats

The Government has approved a policy for granting extension to the PSCs signed by Government awarding Pre-NELP Exploration Blocks, to have a transparent and defined framework. This will help operators in planning their investments and operations in these fields which will help in optimal exploitation of the reserves. Selan recognizes the critical importance of innovation and research and development to achieve sustainable growth. The growth of the Company is subject to opportunities and threats as are applicable from time to time. The Oil and gas Industry represents one of the most important and complex industry segments in the market and is ready to meet the nation's future energy needs aided with the support of Government. New methods and new sources of oil and gas are driving productivity in the Oil and gas industry. Despite the risks, there is still a very real demand for energy and this sector fills part of that demand.

7. Internal Control Systems and their Adequacy

Internal Control is an integral component of an organization's management that provides reasonable assurance of the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The Company has a proper and adequate system of internal control commensurate with the size and nature of its business. This system forms an integral part of the entire cycle of planning, budgeting, management, accounting and auditing. It supports the effectiveness and the integrity of every step of the process and provides continuous feedback to management. The Company carefully considers the appropriate balance between controls and risk in their programs and operations. The Internal Control system ensures that our resources are allocated in the most appropriate manner to ensure that operational and financial objectives are being met and complied. We treasure integrity and transparency as the core value in all our business dealings. We have dedicated Internal Auditors who make sure that transactions taking place under due authority / power are received and reported in a prudent manner. 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.

8. Human Resources Development / Industrial Relations

SELAN believes that a prerequisite for dealing with people is respect and trust. Selan acknowledges that long-term success of the Company depends on its capacity to attract, retain and develop employees who are able to ensure its growth on a continuing basis. Selan promotes a good work morale and encourages its employees to show their co-workers and others appropriate respect, tolerance and a pleasant manner. 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. Our Company believes that it is the quality and dynamism of its Human Resource that will enable it to make a significant contribution in creating enlarged societal value and this is an integral part in charting the success story of the Company. The Company has a total strength of 32 employees as on 31 March 2018.

The Company continues to set a fine record of industrial harmony with positive outcomes of effective performance. For now, and hopefully in the future, the Company foresees no major internal or external developments in this area which shall adversely affect the business of the Company.

9. Disclosure of Accounting Treatment

The Financial Statements have been prepared in accordance with the Companies (Indian Accounting Standard) Rules, 2015 (Ind AS) prescribed under Section 133 of Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable. Beginning 01 April 2017, the Company has for the first time adopted Ind AS with a transition date of 01 April 2016.



CORPORATE GOVERNANCE

1. SELAN's philosophy on Code of Governance

Selan is committed to good Corporate Governance and endeavors to implement the Code of Corporate Governance in its true spirit, which goes beyond mere regulatory compliances. Our Philosophy on Corporate Governance is based on formulation of Integrity, Excellence and Ethical values which have been in practice since inception. The Company has in place processes and systems whereby the Company complies with the requirements of Corporate Governance under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. Board of Directors

a) Composition of Board

The Board of Directors of the Company comprises of :

- One Executive Director
- Five Non – Executive Independent Directors

Name of Director	Executive/ Non-Executive/ Independent	Number of other Directorships	Number of Committee Memberships in other Companies		Attendance in Board Meetings	Attendance in Last AGM
			Chairman	Member		
R. Kapur	Chairman and Whole-Time Director	-	-	-	8	Yes
M. Singh	Non – Executive and Independent Director	-	-	-	07	Yes
T. Currimbhoy*	Non – Executive and Independent Director	-	-	-	01	No
R. S. Sidhu	Non – Executive and Independent Director	-	-	-	03	No
D. J. Corbishley*	Non – Executive and Independent Director	-	-	-	02	Yes
S. Bhagwati Dalal	Non-Executive and Independent Director	-	-	02	01	No

* Non – Resident Directors

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

None of the Director is related to the other Directors

b) Number of Board Meetings held and the dates on which held

There were eight Board Meetings held during the financial year 2017-18. The dates on which the meetings were held are : 20 May 2017, 03 June 2017, 10 August 2017, 18 August 2017, 09 September 2017, 04 November 2017, 03 February 2018 and 07 March 2018.

c) Directors' Shareholding

Details of Directors' Shareholding in the Company as on 31 March 2018 are as follows:

Name of Director	Number of Shares
R. Kapur, Whole -Time Director	86,846

d) Familiarisation Programme for Independent Directors

The Company's Policy of conducting the Familiarisation Programme and the details of Familiarisation Programmes imparted to Independent Directors during Financial Year 2017-18 have been disclosed on the website of the Company at <http://www.seloil.com/wp-content/uploads/2018/04/FAMILIARIZATION-PROGRAM-FOR-DIRECTORS.pdf>

3. Audit Committee

The Audit Committee comprises of four members, out of which three are non-executive and independent Directors, including the Chairman. Four meetings of Audit Committee were held during the year viz. on 13 May 2017, 31 August 2017, 13 October 2017 and 31 January 2018. The composition of the Committee and details of their attendance at the meetings is as follows:

Name of Director	Number of Meetings	
	Held	Attended
D. J. Corbishley	4	0
M. Singh (Chairman)	4	4
R. Kapur	4	4
T. Currimbhoy	4	3
V. B. Mahajan	4	1

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, 2013.
- Review of the adequacy of internal control system.
- The detailed terms of reference of Audit Committee cover the areas mentioned under Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 177 of the Companies Act, 2013.

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Board in overseeing the method, criteria and quantum of compensation for Directors and Senior Management based on their performance and defined assessment criteria. The detailed terms of reference of the Committee cover the areas mentioned under Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 178 of the Companies Act, 2013. The Committee met once during the year on 28 July 2017. The composition of the Committee and details of their attendance at the meeting is as follows:

Name of Director	Number of Meetings	
	Held	Attended
D. J. Corbishley (Chairman)	1	-
M. Singh	1	1
R. Kapur	1	1
T. Currimbhoy	1	-
V. B. Mahajan	1	1

Performance Evaluation

As stipulated by the Code of Independent Directors under the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Annual Evaluation was conducted by the Board of its own performance and that of its Committee and Individual Directors. A Separate Meeting of Independent Directors was held on 03 February 2018 to assess the performance of Non- Independent Director and the Chairperson of the Company and the Board as a Whole. The performance evaluation of all the Independent Directors was conducted by the entire Board, excluding the Director being evaluated. The overall consensus was the performance of Directors, which was significant and it clearly met the guidelines issued by SEBI. Performance Evaluation is based on their contribution to Company's objectives and plans, efficient discharge of their responsibilities, participation in Board / Committee meetings and other relevant parameters.

5. Remuneration of Directors

- There was no pecuniary relationship or transaction between the Non-Executive Directors and the Company during the Financial Year 2017-18 excluding Dr. D. J. Corbishley, Non-Executive Director who was paid Consultancy Fee as disclosed in Note No. 43.
- Independent / Non-Executive Directors excluding Promoter Directors of the Company are paid Sitting fee for attending the meetings of the Board / Committees subject to ceiling / limits as provided under Companies Act, 2013 and rules made thereunder.
- Payment of remuneration to Whole - Time Director is governed by the terms and conditions of his appointment as recommended by the Nomination and Remuneration Committee and approved by the Board subject to the approval of Shareholders and the Central Government, where applicable. The Whole-Time Director was paid remuneration during the year as disclosed in Note no. 43 of Notes on Accounts. Details of remuneration of Directors for the year ended 31 March 2018 are as follows:

(in ₹)

Name of Director	Salary, Allowances & Perquisites	Sitting Fees paid	Total
D. J. Corbishley	-	100,000	100,000
M. Singh	-	600,000	600,000
R. S. Sidhu	-	300,000	300,000
S. Bhagwati Dalal	-	100,000	100,000
T. Currimbhoy	-	200,000	200,000
V. B. Mahajan	-	200,000	200,000

6. Stakeholders Relationship Committee

The terms of reference of this Committee are wide enough

covering the matters specified under the Listing Regulations and the Companies Act, 2013. The Committee is headed by Mr. M. Singh (Non- Executive and Independent Director).

Particulars	As on 31 March 2018
No. of shareholders' complaints received	06
No. of complaints not solved to the satisfaction of Shareholders	Nil
No. of pending complaints	Nil

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 the Listing Regulations.

Compliance Officer

Name : Ms. Meenu Goswami
Designation : Company Secretary
E-mail Id : investors@selanoil.com

7. General Body Meetings

- Location and time for last three Annual General Meetings were:

Year	AGM	Location	Date	Time
2014-15	AGM	Ashok Country Resort, New Delhi	11.08.2015	10:00 a.m.
2015-16	AGM	Ashok Country Resort, New Delhi	28.09.2016	10:00 a.m.
2016-17	AGM	Ashok Country Resort, New Delhi	10.08.2017	10:00 a.m.

- Whether any Special Resolutions (SR) passed in the previous three AGMs : No
- Whether any Special Resolution passed last year through postal ballot : None
- Whether any Special Resolution is proposed to be conducted through postal ballot : No

8. Means of Communication

a) Quarterly Results	Published in the newspapers every quarter
b) Newspapers wherein results normally published	Financial Express and Jansatta
c) Any website, where results are displayed	www.selanoil.com
d) Whether it also displays official news releases	Yes
e) Presentations made to institutional investors or to the analysts	A Corporate presentation has been made during the year and hosted on website of the Company

9. General Shareholder Information

- Annual General Meeting :

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

- Financial Year :

The Financial Year under review covers the period from 01 April 2017 to 31 March 2018.

Calendar for financial year 2018-19 (tentative):

Annual General Meeting : To be decided

Results for quarter ending : Second week of August, 2018
30 June 2018



Results for quarter ending 30 September 2018	Second week of November, 2018
Results for quarter ending 31 December 2018	Second week of February, 2019
Results for quarter ending 31 March 2019	Fourth week of May, 2019

c) Dividend :

During the year 2017-18, 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 26 February 2018. This is now being put for approval of the shareholders as final dividend for the year 2017-18 at the forthcoming AGM.

d) Listing of Equity Shares on Stock Exchanges :

BSE Ltd. and National Stock Exchange of India Ltd. (NSE), Mumbai.
The Company had paid Annual Listing Fees for the Financial Year 2017-18.

e) Stock Code :

Scrip Code on National Stock Exchange : SELAN
Scrip Code on BSE : 530075

f) Stock Market Data :

National Stock Exchange (NSE)				
MONTH	SHARE PRICE (IN ₹)		NIFTY	
	HIGH	LOW	HIGH	LOW
Apr 2017	204.40	175.20	9367.15	9075.15
May 2017	191.80	168.80	9649.60	9269.90
Jun 2017	175.00	154.70	9709.30	9448.75
Jul 2017	175.50	155.55	10114.85	9543.55
Aug 2017	206.80	156.60	10137.85	9685.55
Sep 2017	210.00	176.05	10178.95	9687.55
Oct 2017	250.30	178.50	10384.50	9831.05
Nov 2017	270.00	206.00	10490.45	10094.00
Dec 2017	242.40	212.00	10552.40	10033.35
Jan 2018	256.00	215.20	11171.55	10404.65
Feb 2018	232.90	201.25	11117.35	10276.30
Mar 2018	210.00	184.55	10525.50	9951.90

g) During the period i.e. 01 April 2017 to 31 March 2018, Selan's stock price on NSE rose by 5.70% and 5.61% on BSE, whereas NSE (NIFTY) rose by 9.48% and BSE (Sensex) rose by 10.23%.

h) 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
E - mail : helpdeskdelhi@mcsregistrars.com

i) 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.

j) Distribution of shareholding as on 31 March 2018 :

Category	No. of Shares Held as on 31.03.2018	% Holding
Promoters :		
- Indian	4,487,000	27.36
- Foreign	86,846	0.53
Mutual Funds / AIF	450,894	2.75
Financial Institution / Banks	27,924	0.17
Foreign Institutional Investors	352,487	2.15
Private Corporate Bodies	1,847,242	11.26
Indian Public	8,321,562	50.74
Trusts and Foundations	1,550	0.01
NRIs / OCBs	633,498	3.86
NBFCs	103,009	0.63
IEPF	87,988	0.54
GRAND TOTAL	16,400,000	100.00

k) Dematerialization of shares :

96.97 % of the outstanding shares have been dematerialized upto 31 March 2018.

l) Liquidity :

The shares of the Company are listed on BSE Ltd. and the National Stock Exchange of India Ltd. (NSE). The shares of the Company are adequately liquid.

m) Outstanding ADRs / GDRs / Warrants or any convertible instruments, conversion date and likely impact on equity :

Not Applicable

n) Commodity price risk / foreign exchange risk and hedging activities :

The selling price of Crude oil is determined at the prevailing international market rates in US Dollars. Fluctuations in the international price of crude oil and Dollar vs. Rupee Exchange rates, affect the profitability of the Company. However, the Company has not undertaken any hedging activities.

o) 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.

p) Address for Correspondence :

- For transfer of physical shares, request for dematerialisation of shares, change of mandates / address or any other query :
MCS Share Transfer Agent Limited
Unit : Selan Exploration Technology Ltd.
F - 65, First Floor, Okhla Industrial Area, Phase - I
New Delhi - 110 020
- Any query on the Annual Report :
E - mail : investors@selanoil.com

10. Other Disclosures

a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the company at large :

There are no materially significant related party transactions made by the Company with Promoters, Directors or KMP etc. which may have potential conflict with the interest of the Company at large which warrants the approval of shareholders. Dr. D. J. Corbishley, Director was paid Consultancy Fee and Mr. R. Kapur, the Whole-Time Director was paid remuneration during the year as disclosed in Note No. 43 of Notes on Accounts.

- 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
 - c) Whistle Blower Policy : The Company has a Vigil Mechanism / Whistle Blower Policy to provide a formal mechanism to the Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Policy. This policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.
 - d) The Company has complied with all the mandatory requirements specified in the regulations.
 - e) Web link where policy for determining 'material' subsidiaries is disclosed : Not Applicable
 - f) Web link where policy on dealing with related party transactions is disclosed : The Related Party Transactions Policy is uploaded on the Company's website at : <http://www.seloil.com/annual-report-and-policies/>
 - g) Disclosure of Commodity price risks and commodity hedging activities : The Company has not undertaken any hedging activities.
11. There has been no instance of non-compliance of any requirement of Corporate Governance Report.
12. **Non - mandatory requirements:**
- The Chairman of the Company is an Executive Director.
 - The Company does not send Half-yearly declaration of financial performance to each household of shareholders. Quarterly financial results are displayed on the Company's website and therefore Half-yearly declaration is not sent.
 - There are no audit qualifications for the year under review.
 - The Internal Auditor reports directly to the Audit Committee.
13. The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation 2 of Regulation 46 of the Listing Regulations.
14. Disclosure with respect to demat suspense account / unclaimed suspense account : Not Applicable

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 31 March 2018 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 : 15 May 2018

N. Sethi
President & CEO

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Selan Exploration Technology Limited

1. We have examined the compliance of the conditions of Corporate Governance by Selan Exploration Technology Limited ('the Company') for the year ended on 31 March 2018, as stipulated in Schedule V(C) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. The compliance of the 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 statement 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, in all material respects, complied with the conditions of Corporate Governance as stipulated in Schedule V(C) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with Stock Exchanges.
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 J. A. Martins & Co.
Chartered Accountants
(Firm's Regn. No. 010860N)
J. A. Martins
Proprietor
(Membership No. 082051)

Place : New Delhi
Date : 15 May 2018