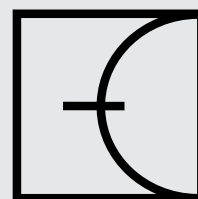


ANNUAL REPORT 2019-20



Late Mr. R. N. Kapur

Founder and Former Chairman

BOARD OF DIRECTORS

Mr. R. Kapur, Chairman

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

CHIEF FINANCIAL OFFICER

Mr. Vijay Kirpal

COMPANY SECRETARY

Ms. Deepa Bhalla

STATUTORY AUDITORS

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

COST AUDITOR

Mr. R. Krishnan

BANKERS

State Bank of India • Corporation Bank • Kotak Mahindra 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 2020.

Financial Review

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

(in ₹ lakhs)

	2018-19	2019-20
Net Sales	9,333	8,960
EBIDTA	7,470	6,365
EBIDTA / Net Sales	80%	71%

Total Reserves and Surplus of the Company have increased from 310 crores to 312 crores as on 31 March 2020. The Board has not recommended any transfer to General Reserves from the profits during the year under review.

Review of Operations

The Company continues to achieve high levels of profitability, despite severe downward pressure on oil prices, demand disruptions and severe political upheaval in many oil producing nation states.

The Company had submitted applications for 10 year extension for the Bakrol and Lohar fields, and these approvals were received from Ministry of Petroleum and Natural Gas (MoPNG).

The Company also returned the Indrora field to ONGC, on completion of the 25 year lease period as the field continued to remain highly unprofitable and capital intensive despite various attempts by the Company to improve its productivity by application of various technologies that were of limited success. The Company is also in the process of surrendering the Ognaj field due to rapid urbanisation in the block area.

The Company also continued its efforts at streamlining and optimizing its operations and management structure, and was able to achieve faster decision making while reducing the overall cost burden to the Company.

Most importantly, the Company has remained actively engaged along with industry bodies with the Government of India on a host of measures aimed at improving the overall performance of oil and gas producing assets in the country. In the areas of fiscal reforms, operational freedom for implementation of work programmes, ease of doing business, attracting foreign investment in the sector, ongoing reporting requirements, and incentives for introduction of new technologies have all been areas that discussions are being held with the Government on an ongoing basis.

Finally, towards the end of the fiscal year, the Company along with the rest of the Country and the world, faced the unprecedented assault of the Covid-19 pandemic on businesses and their ability to deal with challenges of the kind never experienced in the past. This issue has been addressed in greater detail in the Section on Material Changes and Commitments on pages 3 and 4 of this Annual Report. We are confident, that the Company will be able to address this situation in a proactive manner, continue its operations, and produce the best financial results possible given the circumstances, while maintaining focus on the health and safety of our employees and service providers.

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

An interim dividend of 50% i.e. ₹ 5/- per share has been declared by the Board of Directors, which shall be declared as final dividend for the year 2019-20 in the upcoming AGM subject to approval by the shareholders of the Company. The dividend together with dividend distribution tax resulted in cash outlay of ₹ 916.22 lakhs.

Transfer to IEPF

An Investor Education and Protection Fund ("IEPF" or "Fund") has been established by the Central Government, in compliance with applicable provisions of the Companies Act, 2013 ("Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and subsequent amendments thereto ("IEPF Rules"), whereby all unpaid or unclaimed dividends by the members are required to be transferred by the Company to the Fund after completion of seven years from the date of the dividend becoming unpaid / unclaimed, the shares in respect of which dividend has not been paid or claimed by the members for a period of seven consecutive years or more shall also be transferred to a demat account created by the IEPF Authority.

Further, according to the IEPF Rules, the Company had sent individual notices to the concerned members and also advertised in the newspapers to enable those members who have not claimed their dividends for seven consecutive years or more to take appropriate action to claim their unpaid dividend amount which has not been claimed for seven consecutive years or more.

During the year, an amount of ₹ 1,760,920 being unclaimed dividend for the Financial Year 2012-13 alongwith 14,111 equity shares were duly transferred to the Fund established by the Central Government.

In Compliance with the Companies Act, 2013 and the IEPF Rules Members /claimants whose shares and /or unclaimed dividend, Which have/has been transferred to the IEPF Demat Account or the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF authority in Form IEPF-5 (available on <http://www.iepf.gov.in>) along with requisite fee as decided by the IEPF authority from time to time. Only one consolidated claim in a financial year can be filed by the member/claimant as per the IEPF Rules.

Members are requested to ensure that they claim the dividends and shares referred above, before they are transferred to the said Fund. Details of shares /shareholders in respect of which dividend has not been claimed, are provided on our website at www.selanoil.com. The shareholders are encouraged to verify their records and claim their dividends of all the earlier seven years, if not claimed.

Year	Amount	Due date for transfer of unclaimed/unpaid amount of Dividend to IEPF
2013 – 14	1,561,095	06 April 2021
2014 – 15	1,557,095	06 April 2022
2015 – 16	1,625,685	10 April 2023
2016 – 17	2,078,995	09 April 2024
2017 – 18	1,529,195	25 March 2025
2018 – 19	1,243,285	23 February 2026
2019 – 20	1,463,125	02 April 2027

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company at www.selanoil.com under Investor Information section.

Buyback Of Equity Shares

The Company successfully completed the planned Buyback of Equity Shares on 05 July 2019. The Company in this Buyback purchased 1,200,000 equity shares for a total cumulative consideration of ₹ 2,125.66 lakhs. Consequently, the paid-up share capital of the Company is reduced to ₹ 1,520.00 lakhs as on 31 March 2020.

Meetings of the Board & Committees

There were eleven Board Meetings held during the Financial Year 2019-20. Details of the Board and Committee meetings forms part of the Corporate Governance Report.

Declaration of Independence by Directors and statement on compliance of Code of Conduct

The Independent Directors of the Company have submitted a declaration meeting the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and regulation 25(8) of SEBI (LODR) Regulations, 2015. The above Declaration has been taken on record. Further, The Independent Directors have also complied with the Code for Independent Directors prescribed in Schedule IV of the Act.

Directors Responsibility Statement

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 in accordance with the provisions of Section 134(5) of the Companies Act, 2013. Judgments / estimates have been made that are even handed 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. In accordance with the provisions of the Companies Act, 2013 the Directors have ensured that Proper and sufficient care has been taken for the maintenance of adequate accounting records, safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. The Directors have prepared the annual accounts on a going concern basis, and have laid down internal financial controls to be followed by the Company and such Internal financial controls are adequate and operating effectively. Finally, proper systems have been devised by the Directors to ensure compliance with the provisions of all applicable laws and to ensure that such systems are adequate and operating effectively.

Policy on Directors' Appointment and Remuneration

The role of the Nomination Committee is to review the structure, skills and composition of the Company Board. The Committee considers suitable nominations for appointments to the Boards, and makes appropriate recommendations based on qualifications, skill and experience of the Key Managerial Personnel. It recommends the remuneration of Directors and Key Managerial Personnel, which is approved by the Board of Directors, subject to approval of shareholders where necessary. 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 gives due consideration to ethical standards of integrity, qualification, expertise and experience of the person for appointment as Director and ensures that such a person is not disqualified under Companies Act, 2013 and rules made thereunder and accordingly recommends his / her appointment to the Board.

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 as per the provisions of the Companies Act, 2013 for attending the meetings of the Board / Committees thereof.

The level and composition of remuneration so determined by the Nomination and Remuneration Committee 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, potential and 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 recommendations and subsequently takes appropriate decisions.

Contracts / Arrangements with Related Parties

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 and 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. However, 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 SEBI (LODR) Regulations, 2015. 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. 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.seloil.com.

Whistle Blower Policy

To provide a formal mechanism for 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 the Company has adopted a Vigil Mechanism/Whistle Blower 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.seloil.com.

Risk Management

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. As Selan operates in a dynamic operating environment, we have 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.

Board Evaluation

The Board has carried out an Annual Performance Evaluation of its own performance, Directors individually and that of its Committees in compliance with the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (LODR) Regulations, 2015. During the year, a Separate Meeting of Independent Directors was held to assess the performance of Non-Independent Directors, 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

Ms. Pooja Agnihotri and Ms. Vinni Gupta, Company Secretary & Compliance Officer of the Company resigned during the year. Ms. Gunjan Gupta, Compliance Officer of the Company also resigned during the year. Ms. Deepa Bhalla has been subsequently appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 16 May 2020. The Board places on record its appreciation for the services rendered by Ms. Pooja Agnihotri, Ms. Vini Gupta and Ms. Gunjan Gupta.

The Company has eminent individuals from diverse fields as Directors on its Board, who bring in the required skills, integrity, competence, expertise and experience that are required for making effective contribution to the Board.

Statutory Auditors

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.

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



Cost Auditor

The Board of Directors have in accordance with the terms of Section 148 of the Companies Act, 2013 and 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 2020-21 at a remuneration of ₹120,000/- per annum to conduct the audit of its cost accounting records. The proposed remuneration of the Cost Auditor shall be ratified by the members in the ensuing AGM. The Cost Audit for the year ended 31 March 2019 was carried out by Mr. R. Krishnan and the report was filed on 04 October 2019. There are no qualifications or reservations or adverse remarks or frauds reported by the Auditors in their Cost Audit Report.

Secretarial Auditor

M/s Nityanand Singh & Co. (ICSI membership no. 2668 and Certificate of Practice no. 2388), Practicing Company Secretaries have been reappointed by the Board of Directors of the Company for conducting Secretarial Audit of the Company for financial year 2019-20. In terms of provisions of section 204(1) of the Companies Act, 2013, the Secretarial Audit Report forms part of this Annual Report as Annexure - A. There are no qualifications or reservations or adverse remarks or frauds reported by the Auditors in their Secretarial Audit Report.

Internal Auditor

M/s V. Sankar Aiyar & Co. (FRN: 109208W), Chartered Accountants were appointed as Internal Auditors for the Financial Year 2019-20 in compliance with the provisions of Section 138 of the Companies Act, 2013 to conduct the internal audit of the functions and activities of the Company. Their Report to the Chairman of the Audit Committee had been submitted and this was further reviewed by the Management and had been taken on record.

Corporate Governance Report

Corporate Governance is ensured by taking ethical business decisions in a fair and transparent manner with a fair commitment to values, while meeting stakeholder's expectations. In compliance with the SEBI (LODR) Regulations, 2015, Management Discussion and Analysis and a Report on Corporate Governance along with Certificate from Auditors regarding compliance of conditions of Corporate Governance is annexed to Directors' Report. A declaration by the Whole-Time Directors regarding the compliance with the Code of Conduct also forms part of this Annual Report.

Annual Return

Relevant Extract of the Annual Return is given in Annexure - B to this Report. A copy of the Annual Return is placed on the website of the Company at www.selanoil.com.

Loans, Guarantees or Investments

The Company has not given any loan or guarantee or provided securities during the year 2019-20 which may attract the provisions of Section 186 of the Companies Act, 2013, however details of investments covered under the provisions of Section 186 of the Companies Act, 2013 form part of the notes to the Financial Statements provided in this Annual Report.

Deposits

No Deposits had been accepted by the Company during the year under report. Further, the Company also did not have any deposits remaining unpaid or unclaimed at the end of the year.

Internal Financial Controls and their adequacy

In compliance with the provisions of Section 134(5)(e) of the Companies Act, 2013, the Directors have an overall responsibility for ensuring that the Company has implemented a 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 Audit Committee evaluates the internal financial control systems periodically and ensures that 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.

Significant and Material orders passed by the Regulators, Courts, Tribunals, Statutory or Quasi- Judicial bodies

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

Women Empowerment

SELAN's 'Policy on Prevention of Sexual Harassment of Women at Workplace' is in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder which provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints received by the Company. 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. Internal Complaints Committee has been set up to redress complaints, if any, received regarding sexual harassment. We affirm that adequate access would be provided to any complainant who wished to register a complaint under the Policy. During the year under review, the Company has not received any complaint under the Policy.

Audit Committee

The Audit Committee comprises of five members, out of which four 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. Mr. M. Singh, Chairman of the committee during the financial year has adequate financial and accounting knowledge.

CEO / CFO Certification

Mr. R. Kapur, Whole-Time Director and Mr. V. Kirpal, CFO of the Company have certified to the Board that all the requirements of the SEBI (LODR) Regulations, 2015, inter- alia, dealing with the review of Financial Statements and Cash Flow Statement for the year ended 31 March 2020, 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 systems 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. 52 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 2020 and the date of this report.

The outbreak of Covid-19 (Coronavirus) has been posing a very big challenge not only to the individuals but also to the businesses worldwide. It has impacted the Global Economy unprecedentedly by creating an all round scare, uncertainty and exposing the entire business ecosystem to risks. As a consequence there has been a sudden and rapid drop in demand of products & services as safety & survival come to the core in this pandemic.

The Company has also been facing the challenges due to the Covid-19 and consequent lockdown situation. A brief of the challenges being faced are as follows:

- Getting the Field Labour to attend field work and to keep them healthy and safe.

- b) Obtaining timely tanker services to ensure crude transportation to custody transfer point of ONGC.
- c) Challenges in the timely supply of material and services for continued & uninterrupted operations during the ongoing lockdown situation.
- d) Low capacity utilization by the Indian Oil Corporation Limited (IOCL) refinery due to drop in demand with a potential cut in the crude offtake.
- e) Challenges being faced by gas buyers of the Company in obtaining the raw material and chemicals affecting their ability to offtake allotted quantities of gas. Further, due to drop in demand, their customers not picking up the finished product resulting in stock piles.
- f) With a view to mitigate the challenges described above and to ensure continued oilfield operations, the Company has decided to scale down operations. The impact of these actions will be felt in F.Y. 2020-21, with possibly lower production and profitability. Further, keeping the safety of people and operations paramount, the Company undertook a series of preventive measures to minimize or nullify the potential impact of Covid-19 situation on business continuity.

General Information

Please refer to the Management Discussion and Analysis section of this Annual Report.

Capital Structure

The Company has bought back 1,200,000 equity shares from the shareholders during the buyback period due to which the paid-up equity share capital of the Company stood at ₹ 1,520 lakh (Rupees Fifteen Crore and Twenty Lakh Only) consisting of 152 lakh equity shares of face value of ₹ 10/- each as on 31 March 2020.

The Company has not issued any equity shares or preference shares or any securities which carry a right or option to convert such securities into shares, employee stock options, debentures, bonds or any non-convertible securities, warrants, etc.

Corporate Social Responsibility

Selan as a responsible Corporate is committed to drive 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 environmental conscience, so as to ensure sustainable development, safe work places and enrichment of life of employees, clients and the community. The Company has in place a CSR Policy in line with Schedule VII of the Companies Act, 2013 and is available at the Company's website www.selanoil.com. 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.

Compliance with Secretarial Standards

The Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

GENERAL DISCLOSURES

1. Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:
 - (a) Issue of shares or other convertible securities.
 - (b) Issue of equity shares with differential rights as to dividend, voting or otherwise.
 - (c) Issue of equity shares (including sweat equity shares and employee stock options) to employees of the Company, under any scheme.
 - (d) Issue of debentures, bonds, warrants or any other non-convertible securities.

2. The Company does not have any subsidiaries. Hence, Whole-time Director of the Company did not receive any remuneration or commission during the year, from any of its subsidiaries.
3. The Company has not revised its Financial Statement and Report during the three preceding financial years.
4. There are no applications filed for corporate insolvency process, by a financial or operational creditor or by the company itself under the Insolvency and Bankruptcy Code, 2016 before the NCLT.
5. The Company has not obtained any credit rating from any credit rating agency.
6. Disclosures relating to Subsidiaries, Associates and Joint Ventures – Not Applicable.
7. The Company has not commenced any new business nor discontinued / sold or disposed off its existing business.
8. Currently, the Company operates in only one Business Segment that is Production of Crude Oil and Natural Gas. There is no change in the status of the Company and financial year.
9. The Company has not made any acquisition, merger, expansion, modernization or diversification and there is no development or acquisition or assignment of material Intellectual Property Rights.
10. No material event has taken place which has impact on the affairs of the Company except the impact of Covid -19 pandemic.
11. During the financial year ended 31 March 2020, securities of the Company have not been suspended from trading on any of the Stock Exchanges where they are listed.
12. Company has obtained a certificate from Mr. Nityanand Singh, Company Secretary in practice confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board / Ministry of Corporate Affairs or any such statutory authority.

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 is provided in Annexure - D.

Appreciation

The Directors hereby wish to place on record the enthusiasm and unstinting 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. SELAN 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 rendered 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 : 18 July 2020

R. KAPUR
Chairman
(DIN : 00017172)



1. Industry Structure and Developments

India is one of the fastest growing major economy in the world and will remain so for years to come. Oil and Gas sector is one of the driving forces in the functioning of the economy. The value addition is made through improvements in process capability, casting yields, resource utilization, efficiency and development of new business opportunities. The Company focusses on production enhancement as well as encourages collaboration among the industry, investors, service providers and consultants to bring in new technology, cost and operational efficiency. With continued focus on high technology and improving efficiency, Company is likely to achieve its production targets. Selan is committed to active development of its field operations and maximize its ultimate recovery.

Hon'ble Prime Minister Shri Narendra Modi and the US President Mr. Donald Trump have had excellent discussion on India – US bilateral relations. Due emphasis was given on the importance of further strengthening the energy pillar of the bilateral strategic partnership. Shri Dharmendra Pradhan, Minister of Petroleum & Natural Gas, in an event said that it is a significant development that US is emerging as the 6th largest source for crude oil imports and India is also now the 4th largest export destination for US crude. Being positive about the relations of the two countries, he talked about India's bilateral hydrocarbon trade which has increased remarkably during the last three years, and it touched US \$7.7 billion mark last year, accounting for 11% of total two-way trade. These developments are reflective of a new and emerging dynamic between the two countries.

Policy framework on reforms in exploration and licensing sector has been approved by the Government for enhancing domestic exploration and production of oil and gas. The decision of the Government signals a paradigm shift in the core goal moving from revenue-maximization to production-maximization, with focus on exploration. This will incentivize increased investment and production. India imports a large proportion of its crude oil and gas requirements to meet the exploding energy needs of its vast population. It is in this context and in line to the vision of our Hon'ble Prime Minister to cut down India's import dependence for domestic energy needs by 10% in the near future, the Ministry has introduced landmark changes in the Indian Upstream E&P sector by launching a slew of policy initiatives. The launch of Discovered Small Fields (DSF) Policy and Hydrocarbon Exploration and Licensing Policy are a few to name. This new policy framework is characterized by progressive features such as uniform license for all forms of hydrocarbons, low regulatory burden through revenue sharing model, easy entry through DSF, marketing and pricing freedom for all the oil and gas produced so as to ensure a level playing field for the global investor community. Continuing reforms in the oil and gas sector include further simplification of approval processes with measures to be initiated for promoting ease of doing business through setting up coordination mechanism and simplification of approval of DGH, alternate dispute resolution mechanism etc. With a stable political regime in place, backed by strong economic fundamentals, the country is expected to move forward with more reforms in the oil and gas sector and set the direction for future economic growth.

At Selan, we view these developments positively and consider them to be opportunities for us to leverage our potential and contribute to the Nation's energy security in a meaningful way.

2. Outlook

The Government of India and Selan signed Production Sharing Contracts (PSCs) in 1995 for Bakrol, Indrora and Lohar oilfields. Further, Ministry of Petroleum and Natural Gas (MoPNG) also awarded Contracts for the Karjisan field and the Ognaj oilfield to the Company in 2004. The Company has most recently received a 10 year extension of PSCs of Bakrol and Lohar oilfields. The PSC for Indrora field expired on 12 March 2020. The Company had initially applied for an extension of the PSC, however, considering techno – economic reasons, the Company decided not to pursue the said extension. DGH and MoPNG have written to the Company that on expiry of the PSC, the field should be handed over to ONGC. This process completed on 12 March 2020.

The Company has made ongoing efforts to strengthen its management team. Selan is also committed to making investments in technology and drilling as necessary. 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 and gas sector is a high yielding sector that involves equally high risks. Data acquired for seismic evaluation of oilfields & reservoir modeling involves interpretation by technologically advanced software and equipment which is highly capital intensive and is largely 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 interpretation of data is done by using highly sophisticated and technologically advanced systems. However, the results may still be quite unpredictable.

A key aspect of oil and gas Company's strategic planning and decision making is the varying amounts of risk inherent in the available asset investment options. Extending the production of old fields often entails making significant investment in existing pipelines, platforms and hubs to extend their lives. This is also an issue for many new small fields, which require access to existing infrastructure if they are to develop economically. Without investment, this key infrastructure will be decommissioned earlier than necessary, potentially meaning recoverable resources are left stranded.

The entire oil and gas value chain requires much more capital than labour to produce results, so it is termed capital-intensive industry. Oil and gas production is highly capital intensive and so the tax treatment of capital expenditure is a key element of the regime.

The hydrocarbon business is a high investment, high risk with long gestation periods. 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. The uneven nature of production is part of what makes the prices of oil and gas so volatile. Other economic factors also play into this, as financial Crises and macroeconomic factors can dry up capital or otherwise affect the industry independently of the usual price risks.

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 and gas prices as well as in the dollar value of the rupee is another factor which adds to the unpredictability of profits and is constant threat of revenue loss in this industry.

(ii) Project Constraints

Natural ageing of existing equipment and facilities like SRPs, tubings, pipelines, etc. and changing technologies pose a risk as aged facilities are prone to increased maintenance, increased operating costs and at times shutdown. 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. The cost of operating in the basin have risen significantly over recent years.

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. In view of the rapid town planning and urbanization activities in and around Ognaj block area and consequent impossibility to gain access to land as well as high risk to urbanized areas developed around Ognaj block, it had become impossible for the Company to undertake any further operations in the block. Therefore, the Company is left with no choice but to abandon the operations and surrender the block.

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 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 the Government. Government has taken a series of policy decisions to promote exploration and production of oil and gas, and to remove obstacles to investment and incentivize oil and gas sector on the lines of ease of doing business, 'minimum government, maximum governance' and promote Make in India initiative. Our focus on efficiency, cost control and operational excellence will yield results during the year as we build a strong foundation for our next phase of growth. New methods and new sources of oil and gas are driving productivity in the oil and gas industry.

Volatility in global oil and gas prices pose a constant threat of revenue loss as the revenue is directly driven by the market price. 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

Reasonable assurance of the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations help ensure that Selan's Corporate Governance structure is robust. Together, our management systems, organizational structures, processes, standards and Code of Conduct and Ethics form the system of internal control that governs how the Company conducts its business and manages the associated risks. The Board has ultimate responsibility for the management of risks and for ensuring the effectiveness of internal control systems. This system forms an integral part of the entire cycle of planning, budgeting, management, accounting and auditing. It is a proactive methodology to control and mitigate risks and 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 controls are designed to ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets. We treasure integrity and transparency as the core value in all our business dealings. We have dedicated Internal Auditors who make sure that transactions are taking place under due authority / power and 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. During the year, due care has been exercised by the Company with respect to all the requirements of the Company Law and SEBI (LODR) Regulations, 2015.

8. Human Resources Development / Industrial Relations

Selan understands that Human Resource refers to the talents and energies of people and respect and trust is a prerequisite for dealing with

people. SELAN has always considered its employees as its key resource and the major driving force behind the performance and success of the Company. Selan promotes a good work morale and encourages its employees to show their co-workers and others appropriate respect, tolerance, harmony and a pleasant manner. Human Resource Development is a continuous process and building of managerial and technical competencies is an area of constant focus. 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 28 employees as on 31 March 2020. We constantly strive to improve our operations, integrate our business through the value chain and optimize our performance through operational efficiencies and innovative technological solutions. We employ these tools to further ensure that our operations have a positive impact on our stakeholders and more broadly on society.

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.

10. Details of significant changes in Key Financial Ratios, alongwith detailed explanations, therefore, including:

Particulars	2020	2019
Current Ratio	18.06x	27.15x
Average Collection Period (in days)	69	70
Inventory Turnover Ratio	13.51x	10.46x
Operating Margin (%)	39.38%	48.12%
Net Profit Margin (%)	23.68%	53.30%
Basic Earning Per Share	14.64	31.54
PE Ratio	4.7	5.7

- Current Ratio has decreased due to increase in provision for payment to service providers as compared to previous year.
- Inventory Turnover ratio has increased due to increase in cost of goods sold in fiscal 2020 as compared to fiscal 2019.
- Current year's profits from continuing operations (EBIT) at ₹ 3,731.70 Lakhs being 19.76% lower than previous year's ₹ 4,650.58 Lakhs due to lower oil prices and an increase in operating costs.
- Net profit after tax at ₹ 2,243.54 Lakhs was 56.44% lower as compared to previous year's ₹ 5,151.16 Lakhs due to decrease in current year profits as per (c) above and impairment loss of Development cost of Hydrocarbon properties (DHP).
- Price Earning ratio is computed as share price divided by basic earnings per share. PE ratio has decreased on account of decrease in market price of share and decrease in Basic EPS on fiscal 2020 to fiscal 2019.

11. Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.

Particulars	2020	2019
Return on Net Worth	6.87%	16.6%

Return on net worth is computed as net profit by average net worth. Net Profit has decreased from ₹ 5,151.16 Lakhs to ₹ 2,243.54 Lakhs as explained above.

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 SEBI (LODR) 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 Committee Memberships in other Companies		Attendance in Board Meetings [#]	Attendance in Last AGM
		Chairman	Member		
R. Kapur DIN : 00017172	Chairman related to Promoter and Whole -Time Director	-	-	11	Yes
S. Bhagwati Dalal DIN : 01105028	Non-Executive and Independent Director	-	02	02	No
T. Currimbhoy* DIN : 00729714	Non – Executive and Independent Director	-	-	02	No
D. J. Corbishley* DIN : 06515723	Non – Executive and Independent Director	-	-	02	Yes
M. Singh DIN : 07585638	Non – Executive and Independent Director	-	-	07	Yes
R. S. Sidhu DIN : 00121906	Non – Executive and Independent Director	-	-	07	Yes

* Foreign Directors

[#] including meeting(s) attended through Video Conference.

- None of the Director is related to the other Directors.

b) Core skills / expertise / competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board are as follows :

Sr. No.	Core skills / expertise / competencies	Name of Directors					
		D. J. Corbishley	M. Singh	R. Kapur	R.S. Sidhu	S. Bhagwati Dalal	T. Currimbhoy
1.	Vision: The Company's Directors are visionary leaders who always see the big picture. They are able to inspire the employees to emulate them and perform at optimum levels.	✓	✓	✓	✓	✓	✓
2.	Calculated Risk Factor: The Directors have the ability to recognize when it makes sense to take a risk and when that risk can be worth it.		✓	✓	✓		✓
3.	The Directors have effective leadership qualities.		✓	✓	✓		✓
4.	They are Action oriented.	✓	✓	✓	✓	✓	✓
5.	The Company has Board with strong ethics.	✓	✓	✓	✓	✓	✓

• In the opinion of the Board, the Independent Directors fulfill the conditions specified in SEBI (LODR) Regulations, 2015 and are independent of the management.

• No Independent Director has resigned before the expiry of his tenure.

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

There were eleven Board Meetings held during the financial year 2019-20. The dates on which the meetings were held are : 15 April 2019, 20 April 2019, 29 May 2019, 05 July 2019, 10 August 2019, 18 September 2019, 11 October 2019, 09 November 2019, 20 December 2019, 18 January 2020 and 08 February 2020. Maximum time gap between two consecutive meetings did not exceed 120 days. The necessary quorum was present for all the meetings.

d) Directors' Shareholding

Details of Directors' Shareholding in the Company as on 31 March 2020 are as follows:

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

Non-executive Directors do not hold any shares in the Company.

e) Other listed entities where Director of the Company is a Director

Name of Director	Name of other listed entities
S. Bhagwati Dalal	Greenply Industries Limited (Non – Executive and Independent Director)
	Greenlam Industries Limited (Non – Executive and Independent Director)

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

f) 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 2019-20 have been disclosed on the website of the Company at <http://www.seloil.com/wp-content/uploads/2019/11/Familiarisation-Programme-for-Independent-Directors.pdf>

3. Committees of the Board

The Company has constituted various Committees for smooth functioning of the Board. The composition of all the Committees is in accordance with provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

(a) Audit Committee

The Audit Committee comprises of five members, out of which four are Non-Executive and Independent Directors, including the Chairman. Four meetings of Audit Committee were held during the year viz. on 29 May 2019, 10 August 2019, 09 November 2019 and 08 February 2020. The composition of the Committee and details of their attendance at the meetings is as follows :

Name of Director	Number of Meetings	
	Held	Attended
M. Singh (Chairman)	4	4
D. J. Corbishley	4	1
R. Kapur	4	4
T. Currimbhoy	4	3
R. S. Sidhu (w.e.f. 01.08.2019)	3	3

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 systems.
- The detailed terms of reference of Audit Committee covers the areas mentioned under Part C of Schedule II of the SEBI (LODR) Regulations, 2015 as well as Section 177 of the Companies Act, 2013.

(b) 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 (LODR) Regulations, 2015 as well as Section 178 of the Companies Act, 2013. The Committee met four times during the year on 10 April 2019, 09 November 2019, 20 December 2019 and 18 January 2020. 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)	4	-
T. Currimbhoy	4	1
R. Kapur	4	4
M. Singh	4	1

Performance Evaluation

As stipulated by the Code of Independent Directors under the Companies Act, 2013, and the SEBI (LODR) Regulations, 2015, Annual Evaluation was conducted by the Board of its own performance and that of its Committees and Individual Directors. A Separate Meeting of Independent Directors was held on 08 February 2020 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.

Remuneration of Directors

- There was no pecuniary relationship or transaction between the Non-Executive Directors and the Company during the Financial Year 2019-20 excluding Dr. D. J. Corbishley, Non-Executive Director who was paid Consultancy Fee as disclosed in Note No. 47.
- 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. 47 of Notes on Accounts. Details of remuneration of Directors for the year ended 31 March 2020 are as follows:

(in ₹)

Name of Director	Salary, Allowances & Perquisites	Sitting Fees paid	Total
S. Bhagwati Dalal	-	100,000	100,000
D. J. Corbishley	-	100,000	100,000
T. Currimbhoy	-	300,000	300,000
M. Singh	-	800,000	800,000
R. S. Sidhu	-	700,000	700,000

(c) Stakeholders Relationship Committee

The terms of reference of this Committee are wide enough covering the matters specified under the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013. The Committee met once during the year on 08 February 2020. The Stakeholder Relationship Committee comprises of four members, out of which three are Non-Executive and Independent Directors, including the Chairman of the