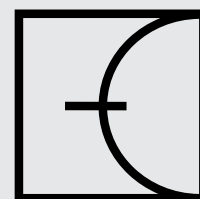


ANNUAL REPORT 2020-21



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 2021.

Review of Operations

The Company's operations during the year stabilised very quickly after the impact of the initial lockdown in the first quarter of the Financial Year 2020-21. A significant drop in oil prices, also during the early part of the fiscal year, adversely affected profitability along with a drop in production volumes due to the pandemic. Towards the later part of the fiscal year, volumes and oil prices began to improve once again, and we expect this trend to continue during the present fiscal year.

The Company officially signed the Production Sharing Contract (PSC) extensions for the Bakrol and Lohar PSC's for a further ten year period ending 2030 with the Government of India after completing all the necessary formalities. The Ministry of Petroleum and Natural Gas / Directorate General of Hydrocarbons and Selan, as members of the Management Committee for these Oil and Gas fields, also approved and adopted the PSC accounts upto 31 March 2018, as required for signing of the PSC extensions.

The Covid-19 pandemic has had, a major impact on almost all forms of economic activities and has adversely affected oil demand owing to prolonged periods of lock-downs in the Country. In view of the threat of COVID-19 and a slow economic revival, a sudden drop in prices remains a worry in the near future. Based on the perceived threat posed by the pandemic and in anticipation of a possible disruption in future, the Company has prepared itself operationally to ensure critical supplies of oil and gas without compromising the health and safety of its valued workforce including contract workers. The disruptions due to lockdowns, physical movement, unprecedented migration of labour force, supply chain disruptions, increased costs, and a depressed economic environment have had and continue to have a near term impact on the industry. While it is difficult to predict how long such a situation will continue, the various initiatives taken by the Government will go a long way to help tide over the turbulent period in the near term.

In view of the ongoing current COVID pandemic, health and safety measures have taken an unprecedented importance and the Company has been taking all the necessary measures and precautions to ensure safety of its employees. Despite the operational challenges posed by the Covid-19 pandemic, the Company ensured the continuance of field operations and for the purposes introduced a series of measures to ensure continued availability of resources, services and manpower for uninterrupted field operations.

The Company expects to keep up to its current momentum in terms of its business operations.

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 2020-21 in the upcoming AGM subject to approval by the shareholders of the Company.

The dividend resulted in cash outlay of ₹ 760.00 lakhs.

Transfer to IEPF

During the year, an amount of ₹ 1,566,595 being unclaimed dividend for the Financial Year 2013-14 alongwith 12,550 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 the 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.

An Investor Education and Protection Fund ("IEPF" or "Fund") has been established by the Central Government, in compliance with the 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 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. The Company has transferred the unpaid or unclaimed dividends to The Investor Education and Protection Fund (IEPF) within the timelines extended by the Ministry of Corporate Affairs due to COVID-19 pandemic.

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.seloil.com. The shareholders are advised 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
2014 – 15	1,550,495	10 April 2022
2015 – 16	1,619,085	14 April 2023
2016 – 17	2,072,735	16 April 2024
2017 – 18	1,523,060	07 April 2025
2018 – 19	1,116,310	23 February 2026
2019 – 20	1,186,785	02 April 2027
2020 – 21	1,467,057	22 March 2028

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.seloil.com under Investor Information section.

Financial Review

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

(in ₹ lakhs)

	2019-20	2020-21
Net Sales	8,960	4,882
EBIDTA	6,365	2,105
EBIDTA / Net Sales	71%	43%
Reserves and Surplus	31,256	31,121

Total Reserves and Surplus of the Company stand at ₹ 311 crores as on 31 March 2021. The Board has not recommended any transfer to General Reserves from the profits during the year under review.

Meetings of the Board & Committees

There were nine Board Meetings held during the Financial Year 2020-21. Details of the Board and Committee meetings forms part of the Corporate Governance Report. The intervening gap between

the meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 and subsequent amendments thereof.

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, All the Independent Directors of the Company have also complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act.

Directors Responsibility Statement

Pursuant to the requirement under Section 134 (5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a going concern basis;
- (v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and are operating effectively.

Policy on Directors' Appointment and Remuneration

The Nomination and Remuneration Committee as constituted by the Company in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of Listing Regulation lays down a framework in relation to the appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel.

The role of the Committee is to guide the Board in matters specifically concerning the appointment and remuneration of Directors and formulate the criterion for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors and Key Managerial Personnel. The Committee formulates a criteria for evaluation of Board of Directors including the Independent Director. It also recommends to the Board on the remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

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 Board and makes appropriate recommendations based on qualifications, skills and experience of the 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 the Nomination and Remuneration Committee for appointment as an 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 the 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 objective and broad framework of the Remuneration Policy as adopted by the Company 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.selanoil.com. The Board considers the Nomination and Remuneration Committee's recommendations and subsequently takes appropriate decisions.

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 SEBI (LODR) Regulations, 2015.

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.

Your Company has adopted a Related Party Transaction Policy. The Audit Committee reviews this policy from time to time and 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 at www.selanoil.com.

Risk Management

Selan operates in a dynamic operating environment, having in place comprehensive risk assessment and minimization procedures, which are reviewed by the Board periodically. 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. 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 compliances related to Risk Management Committee as per Regulation 21 of SEBI (LODR) Regulations, 2015 are not applicable on our Company, hence the Company need not to comply with the provisions relating to formation of Risk Management Committee.

Board Evaluation

The Board carries out an Annual Performance Evaluation of its own performance, of its 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 on 06 February 2021 to assess the performance evaluation of the Non-Independent Directors, the Chairperson of the Company as well as the Board as a whole taking into account the views of the Executive Director and Non-Executive Directors. 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

There was no change in the composition of Directors during the year under review. Ms. Deepa Bhalla, Company Secretary and Compliance Officer (KMP) was appointed on 16 May 2020.

Mr. M. Singh, Independent Director, whose term expires on 10 August 2021, being eligible, offers himself for re- appointment as an Independent Director, with effect from 11 August 2021 to 10 August 2026.

Ms. S. B. Dalal, Independent Director, whose term expires on 26 December 2021, being eligible, offers herself for re-appointment as an Independent Director, with effect from 26 December 2021 to 25 December 2026.

The Nomination and Remuneration Committee of the Company has duly recommended their re-appointment for a further period of 5 years. The Company has received declarations from the abovesaid 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.

The Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs, Manesar ('IICA') as required under Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014. They have served for more than three years on the Board of listed entities and hence are not required to pass the online proficiency self-assessment test as per the proviso to Rule 6(4) of Companies (Appointment and Qualification of Directors) Rules, 2014.

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.

Whistle Blower Policy

The Company has adopted a Vigil Mechanism /Whistler 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. 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. The policy can be viewed on the Company's website at www.selanoil.com.

Audit Committee

The Audit Committee of the Company coordinates with the management team, independent auditors and internal auditors to monitor the choice of accounting policies, principles and to ensure compliance with the applicable laws and regulations.

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 the Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board of Directors. Mr. M. Singh, was the Chairman of the committee during the financial

year. Having adequate financial and accounting knowledge Mr. Singh ensured compliance with the internal financial control systems and devised appropriate systems and frameworks aligned with the business requirements.

Internal Financial Controls and their adequacy

Selan ensures adherence to adequate Internal financial controls systems with respect to the policies and procedures adopted by the Company for the orderly and efficient conduct of its business, including adherence to Company's policies involving safeguarding of its assets, prevention and detection of frauds and errors, and ensuring the accuracy and completeness of the accounting records, together with the timely preparation of reliable financial information.

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.

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.

The Statutory Auditors have confirmed their eligibility and submitted their certificate of disqualification to hold office of Statutory Auditors of the Company.

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 2021-22 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 2020 was carried out by Mr. R. Krishnan and the report was filed on 09 September 2020. There are no qualifications or reservations or adverse remarks or frauds reported by the Auditors in their Cost Audit Report.

Internal Auditor

In compliance with the provisions of Section 138 of the Companies Act, 2013 M/s V. Sankar Aiyar & Co. (FRN: 109208W), Chartered Accountants were appointed as Internal Auditors for the Financial Year 2020-21 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.

Secretarial Auditor

The Board of Directors of the Company have reappointed M/s Nityanand Singh & Co. (ICSI Membership No. 2668 and Certificate of Practice No. 2388), Practicing Company Secretaries for conducting Secretarial Audit of the Company for financial year 2020- 21. 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.

Corporate Governance Report

The external environment in which Companies operate has become increasingly complex for Companies and shareholders alike. The increased regulatory burdens imposed on Companies in the recent years have added to the costs and complexity of overseeing and managing a corporation's business and brings new challenges from operational, regulatory and compliance perspectives.

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 the Certificate from Auditors regarding compliance of conditions of Corporate Governance is annexed to the Directors' Report. A declaration by the Whole-Time Director regarding the compliance with the Code of Conduct also forms part of this Annual Report.

Annual Return

A copy of the Annual Return is placed on the website of the Company at www.seloil.com.

Loans, Guarantees or Investments

The Company has not given any loan or guarantee or provided securities during the year 2020-21 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.

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

Women's equality in power sharing and active participation in decision making at all levels is essential to ensure the achievement of the goals of 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 provide 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 an 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 wishes to register a complaint under the Policy. During the year under review, the Company did not receive any complaint under the Policy.

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 2021, 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. 49 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 2021 and the date of this report.

General Information

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

Capital Structure

There was no Change in the Capital Structure of the Company during the year under review.

Corporate Social Responsibility

Selan as a responsible Corporate is committed to driving societal progress, while fulfilling its business objectives. With safety, health and environment protection being 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 its 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 at www.seloil.com. Brief details about the CSR Committee and the CSR Policy developed and implemented by the Company on CSR initiatives taken during the year is given in Annexure-B 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 an impact on the affairs of the Company except the impact of Covid-19 pandemic.
11. During the financial year ended 31 March 2021, 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 -C.

Appreciation

The Directors take this opportunity to express their gratitude to all our customers, vendors, investors, auditors and bankers who have motivated the Company to excel in all its pursuits and constantly contributed towards making the Company more valuable.

On behalf of the Company, we wish to convey our deepest 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 Company would like to place on record the valuable contributions made by Late Mr. P.S. Oberoi, one of the senior most members of the Company's management team, during his nearly three decade long association with the Company.

The Directors also place on record the enthusiasm and unstinting efforts of all the employees 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 our organization as a whole.

For and on behalf of the Board

Place : New Delhi
Date : 25 June 2021

R. KAPUR
Chairman
(DIN : 00017172)

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Developments

The Oil & Gas industry, has been severely affected due to the sharp decline in demand and crash in prices as a result of the continuing pandemic since last year. No industry has been spared of the effects of this pandemic. Dual supply & demand pressures are therefore pushing Oil & Gas companies toward discipline in finance, prudent capital allocation, risk management & environmental governance.

The Government has been focusing on its policy initiatives toward a 'Atmanirbhar Bharat'. This applies to the Oil & Gas industry as well, where the Government further strengthened its commitment toward reducing oil import dependence. It is now putting its efforts toward a market driven pricing mechanism for Natural Gas. These policies include some very welcome changes. The move to a revenue sharing regime, rationalization of royalty and cess, full pricing and marketing freedom for Oil & Gas, ability to quickly identify areas of interest, bid and secure them are noteworthy.

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 includes 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.

Even in the turbulent times globally, the Oil & Gas sector in India, is opening up. Demand for domestically produced oil remains intact as there is a captive market for the Oil & Gas produced in India. 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. SELAN 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. India is one of the fastest growing major economies in the world and will continue to remain so in the 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. With continued focus on high technology and improving efficiency, the Company is likely to achieve its production targets. Selan is committed to active development of its field operations and maximize its ultimate recovery.

Policy framework on reforms in exploration and licensing sector have been approved by the Government for enhancing domestic exploration and production of Oil and Gas. 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 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 officially signed the Production Sharing Contract (PSC) extensions for the Bakrol and Lohar PSC's for a further ten years period ending 2030 with the Government of India after completing all the necessary formalities.

Our vision is to Improve value maximization by increasing realised price & production through optimising existing facilities.

We seek to realize our vision by exploring for Oil & Gas, executing to transform resources to reserves and enhancing value for all stakeholders by converting reserves to revenues.

We work closely with all stakeholders to explore, develop and produce hydrocarbons in a safe and responsible manner.

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. The Company identifies and monitors the key risks and uncertainties affecting its operations and runs the business in a way that minimizes their impact where possible. 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 be economically developed.

The entire Oil and Gas value chain requires much more capital than labour to produce results, so it is termed as 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.

Exploration is inherently a risky business, with statistically only a relatively small proportion of exploration wells resulting in commercial discovery.

The hydrocarbon business is a high investment, high risk business 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 a constant threat of revenue loss in this industry.

To mitigate disruptions in production and other losses due to coronavirus, protocols and other Standard Operating Procedures (SoP's) like mandatory wearing of masks, temperature checks, social distancing and other hygiene practises are in place and are adhered to strictly. The Company undertakes operations as per international environmental standards of the Oil Industry. Environmental Impact Assessments are prepared and approvals from authorities are secured before any project is executed.

(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 have 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.

As the activities of the Company are subject to various Laws and Regulations, regulatory changes may impact the operations and functioning of the Company. Risks are mitigated by proactive assessment and ensuring compliance with the applicable Rules and Regulations for the time being in force.

6. Opportunities and Threats

The Company identifies and monitors the key risks and uncertainties affecting its operations and runs the business in a way that minimizes their impact wherever possible.

Oil and Gas sector is among the eight core industries in India and plays a major role in influencing decision making for all the other important sections of the economy.

India's economic growth is closely related to its energy demand, therefore, the need for Oil and Gas is projected to grow more, thereby making the sector quite conducive for investment. It 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. The 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. 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 fulfills part of that demand.

7. Internal Control Systems and their Adequacy

The Company maintains a comprehensive system of internal control. This comprises of management systems, organizational structures, processes and standards that are implemented to conduct our business operations. The Company has a proper and adequate system of internal control to commensurate with the size and nature of its business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies. The Company also conducts periodic evaluations, mainly through its Internal Audit, to determine the adequacy of its Internal Controls System.

The Company has appointed M/s V. Sankar Aiyar & Co., (FRN : 109208W), Chartered Accountant, an independent firm with expertise in internal audit. 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 the 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. As part of the Company's internal control process, any transactions with related parties are approved by the Audit Committee and Board of Directors, and appropriately disclosed in the financial statements.

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. During the year, due care has been exercised by the Company with respect to compliance with 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 in a pleasant manner. Human Resource Development is a continuous process and building of managerial and technical competencies is an area of constant focus.

SELAN strives to ensure a caring and energised work environment, where employee engagement is high. This is sought to be achieved by empowering employees and encouraging innovation and ownership. Being a small team helps in seamless communication, where relationships amongst our employees are cohesive and team spirit is high.

SELAN values all employees for their contribution to our business. We are committed to develop and deploy people with the skills, capability and determination required to meet our business objectives. Opportunities for advancement are equal and not influenced by considerations other than performance and aptitude.

The company 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 26 employees as on 31 March 2021. 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 the 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	2021	2020
Current Ratio	31.76x	18.06x
Average Collection Period (in days)	91	69
Inventory Turnover Ratio	10.17x	13.51x
Operating Margin (%)	(18.10%)	39.38%
Net Profit Margin (%)	12.39%	23.68%
Basic Earning Per Share	4.10	14.64
PE Ratio	32.67	4.7

- Current Ratio has increased on account of decrease in current liabilities in fiscal 2021 as compared to fiscal 2020.
- Inventory Turnover Ratio has increased due to decrease in cost of goods sold in fiscal 2021 as compared to fiscal 2020.
- Current year's profits from continuing operations (EBIT) at ₹ 911.14 Lakhs being (-18.10%) lower than previous year's ₹ 3,731.7 Lakhs due to decrease in revenue and increase in royalty and cess rates.
- Net profit after tax at ₹ 623.92 Lakhs was 12.39% lower as compared to previous year's ₹ 2,243.52 Lakhs due to decrease in revenue and increase in royalty and cess.
- Price Earning ratio is computed as share price divided by basic earnings per share. PE ratio has increased on account of increase in market price of share and decrease in Basic EPS on fiscal 2021 to fiscal 2020.

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	2021	2020
Return on Net Worth	1.91%	6.87%

Return on net worth is computed as net profit by average net worth. Net Profit has decreased from ₹ 2,243.54 Lakhs to ₹ 623.91 Lakhs due to decrease in revenue and increase in royalty and cess.