

SELAN EXPLORATION TECHNOLOGY LTD.

Regd. Office : J-47/1, Shyam Vihar, Dindarpur, Najafgarh, New Delhi – 110 043

NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of Selan Exploration Technology Limited will be held at Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi – 110 010, on 05 August 2013, at 10 : 00 A.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March 2013 and Profit and Loss Account for the year ended on that date along with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. S. K. Singh, who retires by rotation and being eligible for re-appointment, offers himself for re-appointment.
3. To appoint M/s V. Sankar Aiyar & Co., Chartered Accountants, as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on such remuneration as may be fixed by the Board of Directors of the Company.
4. To declare the interim dividend of 50% amounting to ₹5/- per share paid during the year as final dividend for the year 2012-13.

SPECIAL BUSINESS

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

AS ORDINARY RESOLUTION

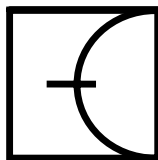
5. APPOINTMENT OF DIRECTOR

"RESOLVED THAT pursuant to the provisions of Section 260 and other applicable provisions, if any, of the Companies Act, 1956, Dr. Derek J. Corbishley who was appointed as an Additional Director with effect from 16 February 2013 on the Board of the Company, and for the appointment of whom the Company has received a notice in writing together with a prescribed fees under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

6. RE-APPOINTMENT OF WHOLE-TIME DIRECTOR

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to approval of Central Government / Ministry of Company Affairs (MCA), if required, the appointment of Mr. Rohit Kapur as Whole-Time Director of the Company for a period of five years with effect from 01 October 2013 on a remuneration, including salary, commission and perquisites, as per Part II of Schedule XIII of the Companies Act, 1956, as amended from time to time and such other guidelines as may be issued hereinafter in this regard be and is hereby approved.

RESOLVED FURTHER THAT such payment may be made by way of a monthly remuneration or otherwise as legally permissible and that the Remuneration Committee of the Board be and is hereby fully empowered to make these payments within the overall ceilings stipulated by law.



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RESOLVED FURTHER THAT the payment of commission be permitted in accordance with Section 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, in addition to the salary and perquisites as spelt out in Categories A, B and C of Part II of the Schedule XIII and within the limits therein stipulated and also to such other benefits such as reimbursement of reasonable repairs and maintenance of his residence as may be permitted by circulars or prevailing laws.

RESOLVED FURTHER THAT notwithstanding anything to the contrary contained herein, in the absence or inadequacy of profits, the payment of a minimum remuneration of ₹2,00,000 (Rupees Two Lacs only) per month to Mr. Rohit Kapur be and is hereby approved, with the stipulation that variation to this amount be and are hereby also approved, such variations being caused by changes in the amount of minimum remuneration specified in this schedule or due to the change in the amount of effective capital of the Company.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as "the Board" which term shall include any duly authorised committee thereof, which the Board may constitute to exercise its powers, including the powers conferred by this resolution) be and is hereby authorised to do all such acts, deeds, matter and things for the purpose of giving effect to this resolution, including but not limited to the execution of the agreement between the Company on one part and the Whole-Time Director on the other part and the compliance of the requirements of Section 302 of the Act, filing of e-forms as per the provisions of the Companies Act, 1956, and that the Board is further empowered to alter, vary and modify the terms and conditions of the said appointment / remuneration, as may be deemed fit, proper and expedient or as may be necessary to comply with any conditions that the authorities may stipulate in their approval.

RESOLVED FURTHER THAT the arrangement / agreement entered between Mr. Rohit Kapur and the Company pursuant to the authority conferred by this resolution shall, notwithstanding any prior resolution / agreement / arrangement, be the full and complete arrangement in regard to appointment and remuneration of Mr. Rohit Kapur as Whole-Time Director."

**By Order of the Board
for SELAN EXPLORATION TECHNOLOGY LTD.**

11 May 2013
New Delhi

DEEPA BHALLA
Company Secretary

NOTES :

- 1) A member entitled to attend and vote is entitled to appoint a proxy and such proxy need not be a member of the Company. The instrument appointing proxy may be sent in the form enclosed and in order to be effective must reach the Registered Office of the Company at least 48 hours before the Meeting.
- 2) Members are requested to notify change in their address, if any, quoting their folio number to the Registrar and Share Transfer Agents, MCS Ltd., Unit : Selan Exploration Technology Ltd., F-65, First Floor, Okhla Industrial Area Phase – I, New Delhi – 110020.
- 3) Register of Members and Share Transfer Books of the Company will remain closed from 29 July 2013 to 05 August 2013 (both days inclusive).
- 4) At the ensuing Annual General Meeting, Mr. S. K. Singh retires by rotation and being eligible offers himself for re-appointment. The information or details to be provided in respect of aforesaid Director under Code of Corporate Governance is as under :
 - a) Mr. S. K. Singh has extensive experience in the oil industry in Senior Management positions starting with Burmah – Shell followed by Shell and Bharat Petroleum Corporation Ltd. He has also been a member of the Board of Directors of SELAN since 25 September 2003.

- 5) Memorandum & Articles of Association of the Company and documents related to the resolutions will be available for inspection at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on all working days except Saturdays and will also be available at the meeting.
- 6) Ministry of Corporate Affairs ("MCA") has vide Circular No. 17/2011 dated 21.04.2011 & No. 18/2011 dated 29.04.2011 allowed the service of documents on members by a Company through electronic mode. Accordingly, as a part of its Green initiative in Corporate Governance and in terms of circulars issued by Ministry of Corporate Affairs allowing paperless Compliances through electronic mode, soft copy of the Annual Report for the Year ended 31st March 2013 has been sent to all the members whose email address is registered with the Company/ Depository Participant(s) unless any member has requested for a hard copy of the same. All those members, who have not yet registered their e-mail address with the Company/Depository Participant, are requested to do the same at the earliest.
- 7) The members are requested to send their queries, if any, on accounts or proposed resolutions at least 48 hours in advance of the meeting to the Company, so that the same may be answered satisfactorily at the meeting.
- 8) Members / Proxies should bring the Attendance slip duly filled-in for attending the meeting.

EXPLANATORY STATEMENT

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

Item No. 5

Dr. Derek J. Corbishley was appointed as Additional Director by the Board of Directors w.e.f. February 16, 2013 in accordance with the provisions of Section 260 of the Companies Act, 1956.

In a career spanning over three decades, Dr. Corbishley worked exclusively for Shell, after having spent a few years initially with the Department of Defense in the United Kingdom.

In a long and distinguished career with Shell worldwide, Dr. Corbishley has worked for Shell in Africa, South America and in Brunei, and at Shell Headquarters in the UK and in The Hague, Netherlands.

He has also served in India as Managing Director of Shell India for five years.

The Board feels that presence of Dr. Derek J. Corbishley on the Board would be beneficial to the Company.

None of the Directors, except Dr. Derek J. Corbishley is concerned or interested in this resolution.

Your Directors recommend the above Ordinary Resolution for approval.

Item No. 6

Mr. Rohit Kapur, aged about 58 years, has held senior management positions with American Cyanamid Inc., a Fortune 100 Company, including General Manager of one of its worldwide subsidiaries. A graduate of Columbia College (BA) and Columbia Business School (MBA), he has been actively involved with SELAN since its inception.

The broad particulars of remuneration payable to and terms of the appointment of Mr. Rohit Kapur are as under :

The Whole-Time Director shall be entitled to the salary and perquisites and allowances of ₹4,00,000 (Four Lacs only) per month, leave travel allowance for self and his family including dependents, club fees, medical insurance, telephone expenses and such

EXPLANATORY STATEMENT

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

other perquisites and/or allowances, subject to overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956. In addition to the salary, perquisites and allowances as above, the Whole-Time Director shall also be entitled to receive commission in terms of Section 309 or any other provisions of the Companies Act, 1956.

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of tenure of Mr. Rohit Kapur, the Company has no profits or profits are inadequate, the Company will pay remuneration of ₹2,00,000 (Rupees Two Lacs only) by way of Salary, besides perquisites and allowances as minimum remuneration, with the stipulation that variation to this amount be and are hereby also approved, such variations being caused by changes in the amount of minimum remuneration specified in this schedule or due to the change in the amount of effective capital of the Company. The Whole-Time Director shall also be allowed compensation for loss of office to the extent permissible u/s 318 of the Companies Act, 1956.

The Draft Agreement including other terms and conditions of employment to be entered into between the Company and Mr. Rohit Kapur are available for inspection at the Registered Office of the Company on any working day excluding Saturday, upto the date of the General Meeting between 11.00 a.m. and 1.00 p.m.

The terms and conditions set out for appointment and payment of remuneration herein and/or in the Agreement may be altered, varied and modified from time to time by the Board of Directors of the Company or a duly appointed Committee thereof, as may be deemed fit, proper and desirable, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) or any amendments made thereto.

The above remuneration of Mr. Rohit Kapur is approved by the Remuneration Committee of Board of Directors, subject to the approval of the members in General Meeting, after taking into account the remuneration profile with respect to nature of industry, size and activities of the Company and suitability of the incumbent.

The above details of remuneration of Mr. Rohit Kapur may also be treated as an Abstract and Memorandum of the terms of the contract between the Company and Mr. Rohit Kapur under Section 302 of the Companies Act, 1956. Once GOI approval is received (if required), any change necessitated in the terms of appointment by such approval shall also be made known to the members by a notice / letter to comply with the requirements of Section 302.

None of the Directors, except Mr. Rohit Kapur is concerned or interested in this resolution.

Your Directors recommend the above Ordinary Resolution for approval.

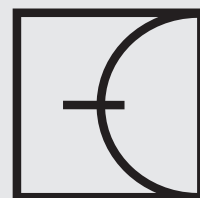
**By Order of the Board
for SELAN EXPLORATION TECHNOLOGY LTD.**

11 May 2013
New Delhi

DEEPA BHALLA
Company Secretary

www.selanoil.com

ANNUAL REPORT 2012-13



SELAN EXPLORATION TECHNOLOGY LIMITED

Late Mr. R. N. Kapur

Founder and Former Chairman

BOARD OF DIRECTORS

Mr. R. Kapur, Chairman

Mr. T. Currimbhoy • Mr. V. B. Mahajan • Mr. S. K. Singh • Dr. D. J. Corbishley

COMPANY SECRETARY

Ms. Deepa Bhalla

AUDITORS

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

COST AUDITOR

S. N. Balasubramaniam

BANKERS

Yes Bank • State Bank of India • Corporation Bank

REGISTERED OFFICE

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

REGISTRARS AND SHARE TRANSFER AGENTS

MCS 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, 2013.

Financial Review

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

	2010-11	2011-12	2012-13
Net Sales	709,490,752	927,295,571	970,589,105
EBIDTA	627,824,389	838,514,401	885,997,969
EBIDTA / Net Sales	88%	90%	91%

Total Reserves and Surplus of the Company have increased from ₹1,905,738,773/- to ₹2,209,466,928/- as on 31 March, 2013.

Review of Operations

Operations during the year continued smoothly from our fields in Gujarat and production levels were in line with previous year, despite not having been able to drill any new wells during the year.

The Company continued to engage with Directorate of General Hydrocarbons (DGH) and Ministry of Petroleum and Natural Gas (MoPNG) for grant of approvals for drilling of new wells in all our fields. We expect that in 2013-14 drilling activity should take place at an accelerated pace as these approvals are received.

The Company has also been working closely with service providers to ensure that drilling operations can commence at the earliest. Some bottlenecks do exist, especially with respect to availability of drilling rigs of acceptable quality and adequate capacity.

The geology of Gujarat, include our Company's fields, consist of depletion drive reservoirs. In such cases, additional wells need to be drilled so as to offset declining rates of production from existing wells. The approval of new drilling programmes are, therefore, critical for the growth in production volumes.

Our Company, along with many other companies in the oil and gas industry face challenges in obtaining necessary approvals for drilling operations. In light of various developments in the industry in recent years, and the active involvement of the Comptroller and Auditor General of India new standards and thresholds for approvals have been created which must be complied with.

During the year the Company also received much awaited approvals of Environmental Clearance from the Ministry of Environment and Forest for drilling in some of its fields. We are hopeful, therefore, that production levels can begin to increase in the near future.

For further details regarding the Company's operations, please refer to the management analysis and discussion section of the Annual Report.

Buyback of Equity Shares

The Board of Directors at its meeting held on 15.09.2012 unanimously approved the Buyback of upto 578,081 fully-paid equity shares of ₹10/- each (hereinafter referred to as "Buyback") at a price not exceeding ₹350 /- per equity share, payable in cash, upto an aggregate amount not exceeding ₹2,023.28 Lakhs, representing approximately 10% of the Company's total paid-up Equity Capital and Free Reserves as on 31 March, 2012.

The Buyback offer is open upto 13 September, 2013 or such earlier date as may be determined by the Company after necessary compliance. Pursuant to the aforesaid Buyback offer, the Company has bought back and extinguished 161,518 equity shares of ₹10/- each as on 31 March, 2013. Consequent, to the Buyback the paid-up equity share capital of the Company as on 31 March, 2013 has been reduced to 16,825,525 equity shares of ₹10/- each. The Buyback Committee constituted by the Board overseas all matters pertaining to the Buyback of equity shares of the Company.

Final Dividend

The Directors are pleased to inform that in the FY. 2012-13, the Board of Directors have declared an interim dividend of 50%, i.e. ₹ 5/- per share, which shall be declared as final dividend for the year 2012-13 subject to approval by the shareholders of the Company in the forthcoming AGM.

Board of Directors

Dr. D. J. Corbishley was inducted as an additional director with effect from 16 February, 2013 to hold office upto the ensuing annual general meeting of the Company. The brief details relating to Dr. D. J. Corbishley are furnished in the explanatory statement to the notice of the ensuing Annual General Meeting.

Mr. S. K. Singh retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Directors Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies

Act, 1956, the Board of Directors do hereby confirm that in the preparation of the Annual Accounts, the applicable Accounting Standards have been duly complied with, and the Directors have selected the necessary accounting policies and applied them consistently. Judgments / estimates have been made that are evenhanded and prudent, so as to give an accurate and rational view of the affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period. The Directors have also taken ample care for the maintenance of adequate accounting records in conformity with the provisions of Companies Act, 1956, for upkeep of the assets of the Company and for preventing and detecting fraud and other irregularities, and lastly that the Directors have prepared the annual accounts on a going concern basis.

Auditors and their Report

The Auditors, M/s V. Sankar Aiyar & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Auditors' Report forms a part of this Annual Report.

Cost Accounting Records

The Company has maintained Cost Records as required by Cost Accounting Record Rules (Petroleum Industry) 2002. In terms of the Ministry of Corporate Affairs order dated 02 May, 2011 Cost Records in respect of each year commencing from 01 April, 2011 has to be Audited by Cost Auditor, holding a valid certificate of practice under the provisions of Cost and Works Accountants Act 1959, In compliance with the aforesaid requirement the Cost Accounting Records of the company for the financial year 2012-13 are being audited by Mr. S. N. Balasubramanian, Qualified Cost Accountant. The Cost Audit for the year ended 31.03.12 was carried out by the same Auditor and the report was filed on 30 January, 2013 in XBRL mode.

However, the due date for filing of the Cost Audit Report in XBRL mode for the year ended 31 March, 2012 was 28 February, 2013.

The due date for filing the Cost Audit Report for the financial year ended 31 March, 2013 is 30 September, 2013.

Corporate Governance Report

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis and a Report on Corporate Governance alongwith certificate from Auditors regarding compliance of conditions of Corporate Governance is annexed to Directors' Report. A declaration by the CEO (Manager) regarding the compliance with the Code of Conduct also forms part of this Annual Report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The activities undertaken by your Company do not fall under the scope of disclosure of particulars under Section 217(1)(e) of the Companies Act, 1956, to the extent where it relates to the conservation of energy and technology absorption. Particulars with regard to foreign exchange outgo appear as point no. 39 of the Notes forming Part of the Accounts.

Personnel

The names and particulars of the employees required to be disclosed, in terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of the annexure to the Director's Report. However, in terms of Section 219(1)(b)(iv) of the Companies Act, 1956 the Annual Report excluding the aforesaid annexure is being sent to the shareholders of the Company and others entitled thereto. Any member interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

Acknowledgements

Your Directors place on record their gratitude and express their earnest appreciation for the valuable efforts of every employee of the organization without which the Company would not have been able to undertake the challenging targets in all areas of operations. We are fortunate to have such a team whose endeavors have laid a strong foundation for the success of the organization as a whole. Your Directors acknowledge the exemplary contribution made by the employees of the Company.

On behalf of the Company, we wish to convey our appreciation to the Ministry of Petroleum and Natural Gas (MoPNG), Directorate General of Hydrocarbons (DGH), Ministry of Environment and Forests (MoEF), Government of India and the Bankers of the Company for their continuous support, cooperation, and guidance. The Directors value the trust shown by the shareholders in their ability to manage the Company. We expect that with the ongoing encouragement and support of our shareholders, we shall be successful in achieving the desired objectives in the near future.

For and on Behalf of the Board

Date : 11 May, 2013
Place : New Delhi

R. KAPUR
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Structure and Developments

The oil and gas industry is passing through a difficult period at the present time, with great concern for the level of risk companies can undertake in trying to achieve their business plans. While domestic production of crude oil remained almost at the same level for the current year, the growth in oil demand accelerated throughout the year.

The government is in the process of moving towards an environment in which there is far greater accountability with respect to the activities of the private sector companies operating in the country.

The process of obtaining necessary statutory / regulatory approvals for investment programs still takes longer periods of time. However, the higher oil prices prevalent for the past two to three years have provided significant opportunities for investment in India and abroad in exploration / production of oil and gas.

In addition, certain high profile arbitration cases currently in progress at the present time, could have far reaching implications for all the companies operating in the industry.

2. Outlook

Production Sharing Contracts (PSCs) with the Government of India were signed by SELAN in 1995 for Bakrol, Indrora and Lohar oilfields. Further, the Company was also awarded Contracts for the Karjisan Gasfield and the Ognaj Oilfield with the Ministry of Petroleum and Natural Gas (MoPNG) in 2004.

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

The Company has laid down diverse growth and expansion plans for its oil and gas fields; which shall lead to higher production of crude oil / gas. The Company plans to implement newer technologies along with the supervision and direction of experienced professionals for its planned growth and success.

Seismic data acquisition and workover of existing wells with drilling of new wells is being undertaken to give effect to the aforesaid plans. The Company shall, with the application of appropriate Reservoir Engineering and Production Engineering technologies suitable for the full scale development of the Company's oil and gas fields, aim at achieving the monetization of the Company's significant reserves base.

3. Segment-wise performance

Currently, the Company operates in only one Business Segment that is Production of Crude Oil and Natural Gas.

4. Operations and Financial Review

The operations and financial review is covered in the Directors' Report and is to be read as a part of this report itself.

5. Risks and Concerns

(i) Business Risks

Oil sector is a high yielding sector that involves equally high risks. Data acquired for seismic evaluation of oilfields & reservoir modeling involves interpretation by latest software technology and advanced equipment which is capital intensive in nature and, therefore, prone to obsolescence alongwith uncertainty in results.

The Drilling Activities are carried out using advanced drilling rigs and ancillary rig equipments. Further, necessary safety and

security measures have to be employed prior to any drilling activity.

However, the basic environmental & natural risks cannot be completely overlooked and therefore drilling activity poses an enormous challenge. The ebb and flow in international oil prices as well as in the dollar value of the rupee is another factor which adds to the unpredictability of profits in this industry.

(ii) Project Constraints

There are various project constraints which add on to the risk factors of the Company. Drilling rigs and associated oilfield services have been a major problem in the region where the Company operates. With the limited number of service providers available, the Company is required to tie-up with oilfield services suppliers as much as a year in advance in order to execute its scheduled drilling programmes.

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

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

Any unanticipated delays in receiving timely clearances from MoEF and in mobilizing the drilling rig and associated oilfield services is a potential project constraint for the Company.

(iii) Financial, Legal and Contractual Risks

SELAN carries minimum financial risk.

Currently, the Company has a policy of using debt financing only for short term requirements besides using its own accumulated reserves.

6. Internal Control Systems and their Adequacy

SELAN ensures proper and adequate Internal Control systems at all times, so that all its assets and resources are safeguarded and protected against loss due to unofficial or illicit use / disposition. Transactions take place under due authority / power and are received and reported in a prudent manner. Our Internal Control System is designed in such a manner that financial and other records are completely reliable and authentic for preparing financial statements and for maintaining proper accountability for assets. These systems are reviewed by the Audit Committee in its quarterly meetings and suggestions are given to strengthen and regularly improve their application, keeping in view the dynamic business environment. Internal and external audits are conducted on a regular basis to ensure transparency and statutory compliance.

7. Human Resources Development / Industrial Relations

SELAN takes full pride in acknowledging its efficient, dedicated and hardworking team which has lead to optimum business returns for the Company. It has a simple hierarchy system, due to which the decision making process becomes quicker and simpler, mitigating the losses due to lengthy and time-consuming decision making processes. It facilitates and promotes an encouraging and professional working environment.

During the year, the Company was able to maintain harmonious and successful industrial relations. For now, and hopefully in the future, the Company foresees no major internal or external developments which shall adversely affect the business of the Company.