



REPORT OF THE AUDIT COMMITTEE OF SELAN EXPLORATION TECHNOLOGY LIMITED RECOMMENDING THE COMPOSITE SCHEME OF ARRANGEMENT BETWEEN ANTELOPUS ENERGY PRIVATE LIMITED AND SELAN EXPLORATION TECHNOLOGY LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Members Present

- Mr. Manjit Singh - Chairman
- Mr. Baikuntha Nath Talukdar - Member
- Mr. Raman Singh Sidhu - Member
- Ms. Vishruta Kaul – Member
- Mr. Suniti Kumar Bhat- Member

1. Background

- 1.1 A meeting of the Audit Committee of Selan Exploration Technology Limited ("Selan" or "Company" or "Transferee Company") was held on November 22, 2023 to consider the draft Composite Scheme of Arrangement between Antelopus Energy Private Limited ("Antelopus" or "Transferor Company") and the Transferee Company providing for reduction of the capital of the Transferor Company and the amalgamation of the Transferor Company with and into the Transferee Company in the manner set out in the Scheme ("Scheme") in accordance with Sections 230 to 232 read with Section 66 and Section 52 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) or amendment(s) thereof) and the rules made thereunder ("Act") and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") issued by the Securities and Exchange Board of India ("SEBI") read with Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time ("SEBI Circular"), and any other law for the time being in force and such other applicable rules, regulations, guidelines and circulars issued by any regulatory authorities from time to time.
- 1.2 The Transferee Company is incorporated under the provisions of the Companies Act, 1956 and is primarily engaged in the business of exploration and production of oil and gas. The equity shares of the Transferee Company are listed on the National Stock Exchange of India Ltd. ("NSE") and the BSE Limited ("BSE").
- 1.3 The Transferor Company is incorporated under the provisions of the Companies Act, 2013 and is primarily engaged in the business of exploration and production of oil and gas and is focused on monetizing discovered and stranded resources in the Indian subcontinent.
- 1.4 The Scheme *inter-alia* provides for (a) Reduction of the capital of the Transferor Company and (b) Amalgamation of the Transferor Company with and into the Transferee Company in the manner set out in the Scheme. Upon the Scheme becoming effective, the Transferor Company shall stand dissolved without winding up. 12





1.5 This report of the Audit Committee is made to comply with the provisions of the SEBI Listing Regulations and the SEBI Circular.

2. Documents reviewed

The following documents were placed before the meeting of the Audit Committee of the Company held on November 22, 2023, which were considered and taken on record by the members of the Audit Committee while deliberating on the Scheme:

- a) Draft Scheme;
- b) Report dated November 22, 2023 issued by Bansil S. Mehta Valuers LLP, Registered Valuer having IBBI Registration No. IBBI/RV-E/06/2022/172, recommending the share exchange ratio for the Scheme ("Amalgamation Share Entitlement Report");
- c) Opinion dated November 22, 2023 issued by IIFL Securities Limited, SEBI registered Category I Merchant Banker, having SEBI Registration No.: INM000010940, on the fairness of the share exchange ratio for the Scheme as recommended under the Amalgamation Share Entitlement Report ("Fairness Opinion Report");
- d) Statutory Auditor's Certificate issued by M/s. V. Sankar Aiyar & Co. Chartered Accountants, (Firm Registration No. 109208W), Statutory Auditor of the Transferee Company, confirming that the Scheme is in compliance with applicable Accounting Standards prescribed under the provisions of Section 133 of the Act read with relevant rules issued thereunder and other generally accepted accounting principles in India and as specified under Paragraph (A)(5) of the Part I of the SEBI Circular.

3. Salient features of the Scheme

3.1 The Audit Committee noted the salient features of the Scheme, which *inter-alia*, are as under:

- (a) The Scheme is presented *inter-alia* under Sections 230 to 232 read with Section 66 and Section 52 and other applicable provisions of the Companies Act, 2013, SEBI Circular read with Section 2(1B) and other applicable provisions of the Income Tax Act, 1961 and other applicable law, if any. The Part III of the Scheme provides for the reduction of the capital of the Transferor Company and the Part IV of the Scheme provides for the amalgamation of the Transferor Company with the Transferee Company in the manner set out in the Scheme and dissolution of the Transferor Company without winding up including various other matters consequent and incidental thereto or otherwise integrally connected thereto;
- (b) Upon the Scheme becoming effective, all assets, liabilities, contracts, employees, if any, records, etc. of the Transferor Company shall stand transferred to the Transferee Company subject to the provisions of the Scheme;

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- (c) Pursuant to the receipt of the no-objection certificate/ observation letter of the NSE/ BSE/ SEBI, approval of the members of the Transferor and Transferee Company and other stakeholders, in accordance with the Act, approvals required from regulatory authorities (if any), sanction of the Scheme by the National Company Law Tribunal, Chandigarh Bench ("NCLT Chandigarh") and filing of the order passed by the NCLT Chandigarh with the Registrar of Companies, Delhi ("ROC"), the Scheme shall become effective from the Appointed Date.
- (d) The Appointed Date for the Scheme shall be April 1, 2023 or such other date as may be approved by the NCLT or any other appropriate authority and accepted by the Board of Directors.
- (e) In terms of Paragraph A(10) of Part I of the SEBI Circular, the Scheme is required to be approved by the public shareholders of the Transferee Company and shall be acted upon only if votes cast by the public shareholders in favor of the Scheme are more than the number of votes cast against it.
- (f) As an integral part of the Scheme and as on the Appointed Date, the debit balance of INR 44,92,75,805 (Indian Rupees Forty-Four Crores Ninety Two Lakhs Seventy Five Thousand Eight Hundred and Five Only) of the Retained Earnings Account of the Transferor Company shall be adjusted against the credit balance of INR 73,98,53,104 (Indian Rupees Seventy Three Crores Ninety Eight Lakhs Fifty Three Thousand One Hundred and Four Only) of the Securities Premium Account of the Transferor Company and such Securities Premium Account shall be reduced to INR 29,05,77,299 (Indian Rupees Twenty-Nine Crores Five Lakhs Seventy Seven Thousand and Two Hundred and Ninety Nine Only).
- (g) The consideration for amalgamation of the Transferor Company with the Transferee Company shall be discharged by the Transferee Company through issuance and allotment of fresh equity shares of the face value of INR 10 (Rupees Ten) each to the shareholders of the Transferor Company in the following manner:
- 4,287 (Four Thousand Two Hundred and Eighty-Seven) fully paid-up equity shares of INR 10 each of the Transferee Company to be issued for every 10,000 (Ten Thousand Only) equity shares of INR 10 each of the Transferor Company.*
 - 4,287 (Four Thousand Two Hundred and Eighty-Seven) fully paid-up equity shares of INR 10 each of the Transferee Company to be issued for every 10,000 (Ten Thousand Only) Class A1 Equity Shares of INR 10 each of the Transferor Company.*
 - 18 (Eighteen Only) fully paid-up equity shares of INR 10 each of the Transferee Company to be issued for every 10,000 (Ten Thousand Only) RPS of INR 10 each of the Transferor Company.*

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- (h) The fresh equity shares to be issued and allotted by the Transferee Company will be listed in compliance with the applicable laws.
- (i) Upon the Scheme becoming effective, the Transferor Company will be dissolved without winding up.

4. Proposed Scheme

4.1 Need for the Amalgamation and rationale for the Scheme

- (a) The Audit Committee deliberated about the need & rationale of the Scheme and benefits to the stakeholders, which *inter-alia*, is as follows:
 - (i) The Amalgamation is based on leveraging the complementary strengths of the Transferor Company and Transferee Company. The Amalgamation would create meaningful value for various stakeholders including shareholders, employees and customers as the combined entity would benefit from the Transferee company's expertise and a strong track record in oil and gas exploration and production operations and strengths and expertise of the Transferor Company in reservoir management, leveraging technology deployment, operational efficiency and speed of execution, with safety and sustainability.
 - (ii) Diversifying Transferee Company's portfolio across multiple sedimentary basins, both onshore and offshore, thereby providing access to increased proven oil and gas resource base and ability to enhance production.
 - (iii) Enhance value for stakeholders through pooling of resources and sharing technical capabilities resulting in creation of a leading energy company in India.
 - (iv) Unison in availing opportunities presented to both entities individually resulting in efficient management, greater economies of scale and building a stronger resource base for future growth.
 - (v) Simplification of the shareholding structure and strengthening the operational strategy.
 - (vi) Elimination of multiple entities, resulting in focused management team, reduction in overheads and compliance costs.
 - (vii) The Part III of the Scheme provides for the adjustment of debit balance of the Retained Earnings as on the Appointed Date of the Transferor Company against the outstanding balance of the Securities Premium Account of the Transferee Company pursuant to the provisions of Section 66 read with Section 52 and other applicable provisions of the Act so that the financial statements of the combined entity is not adversely impacted and its dividend paying capacity is protected.





4.2 Synergies for the entities involved in the Amalgamation:

The Audit Committee noted the synergies of business of the entities involved in the Scheme, which *inter-alia*, are as under:

- a) Since both the companies are engaged in the business of exploration and production of oil and gas, the proposed amalgamation would help the amalgamated entity achieve operational synergies.
- b) Further, as stated in the rationale of the Scheme, the proposed amalgamation will result in pooling of resources resulting in efficient management, greater economies of scale, building a stronger resource base for future growth and creation of a leading energy platform in India.
- c) The Scheme also ensures simplified and streamlined corporate structure. It helps in achieving reduction in overall operational and compliance costs.

4.3 Impact of the Scheme on the shareholders of the Transferee Company:

The Audit Committee after deliberations and due considerations of all the terms of the Scheme including its rationale and review of abovementioned documents, opines the Scheme should not have any adverse impact on the shareholders/ stakeholders of the Transferee Company.

The shareholders/ stakeholders of the Transferee Company would be benefited from the inorganic growth through pooling of resources, synergies in operations and creation of a leading energy platform in India. The impact of the Scheme on the shareholders including the public shareholders would be the same in all respects and no shareholder is expected to have any disproportionate advantage or disadvantage in any manner.

The shareholders of the Transferor Company would be allotted fresh equity shares of the Transferee Company as stated in the salient features of the Scheme above.

Considering the benefits as stated in the rationale of the Scheme, the members of Audit Committee concluded that the Scheme shall be in the interest of the shareholders of both the Transferor Company and the Transferee Company and is not detrimental to the shareholders.

4.4 Cost benefit analysis of the Scheme:

The Audit Committee deliberated on the cost benefit analysis of the Scheme, which *inter-alia*, is as under:

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- a) The Scheme is expected to increase the value of the Transferee Company primarily on account of benefits and synergies detailed above.
- b) Simplified and streamlined corporate structure would help in achieving reduction in overall operational and compliance costs.
- c) The benefits of the Scheme over a longer-term period would far outweigh the cost of implementation of the Scheme.

4.5 The Audit Committee has noted that the share exchange ratio as specified under the Amalgamation Share Entitlement Report has been found to be fair under the Fairness Opinion Report.

5. Recommendation of the Audit Committee

The Audit Committee, after taking into consideration the Scheme together with the Amalgamation Share Entitlement Report, Fairness Opinion Report and other documents referred under Paragraph 2 above, found the proposed Scheme to be fair and reasonable and recommends the Scheme for favorable consideration by the Board of Directors of the Transferee Company. The Scheme placed before the meeting of the Audit Committee is not detrimental to the shareholders of the Transferee Company.

**For and on behalf of the Audit Committee of
Selan Exploration Technology Limited**

Mr. Manjit Singh
(Chairman of the Audit Committee)
DIN: 07585638



Date: November 22, 2023

Place: Gurgaon