

12th
ANNUAL REPORT
2002-2003

**INTERLINK
PETROLEUM LIMITED**

Registered Office :
INTERLINK HOUSE
Akota-Padra Road, Akota,
Vadodara - 390 020.

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ANNUAL
REPORT
2002-2003

Board of Directors	:	Shri Sajive Nair Chairman & Managing Director Shri Vyatcheslav Gryzin Vice - Chairman Smt. Shaila Kartha Wholtime Director Shri Vladimir Baiburin Shri Alexei Kossilov Shri Satish Sonalkar Shri Dilip Kartha Shri Yatin Rathod Shri Vinod C.Malshe
Registered Office	:	"Interlink House" Akota-Padra Road, Akota Vadodara - 390 020
Asst. Company Secretary	:	Prashant Pandya
Bankers	:	State Bank of India Bank of Baroda
Auditors	:	M/s. Shirish Desai & Co. Chartered Accountants Vadodara.

NOTICE

Notice is hereby given that the 12th Annual General Meeting of Interlink Petroleum Limited will be held on Monday, the 15th September, 2003 at 11.30 a.m. at the Auditorium of Vanijyabhavan, Central Gujarat Chambers of Commerce, Race Course, Vadodara, to transact the following business.

Ordinary Business :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2003 and Balance Sheet as at that date together with schedules and notes forming part thereof and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Alexei Kossilov, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Dilip Kartha, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Special Business :

5. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or reenactments thereof for the time being in force), the Securities Contract (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreements and all other applicable rules, regulations and guidelines and subject to the approval(s), consent(s) permission(s) or sanction(s) of the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed by any such authority while granting such approval(s), permission(s) or sanction(s) which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof constituted by the Board), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from Vadodara Stock Exchange Ltd., and/or The Stock Exchange, Ahmedabad and/or The Delhi Stock Exchange Association Ltd."

Date : 30.06.2003**Place : Vadodara****For and behalf of the Board,****Sajive Nair****Chairman & Managing Director**

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of item Nos.5 is enclosed.
3. The Register of Members and Share Transfer Registers of the Company will remain closed during 08/09/2003 to 15/09/2003, both days inclusive.
4. Proxies should be lodged with the Company 48 hours before the commencement of the meeting.
5. MEMBERS DESIROUS OF OBTAINING INFORMATION WITH RESPECT OF THE ACCOUNTS OF THE COMPANY ARE REQUESTED TO SEND QUERIES IN WRITING TO THE COMPANY AT ITS REGISTERED OFFICE SO AS TO REACH AT LEAST SEVEN DAYS BEFORE THE DATE OF THE MEETING.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No.5**

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, (hereinafter referred to as the "Delisting Guidelines") incorporating, among others, provisions for delisting of securities of a body corporate voluntarily by a promoter or an acquirer or any other person from the Stock Exchanges.

Presently, the Company's equity shares are listed on The Stock Exchange, Mumbai, Vadodara Stock Exchange Ltd. (the Regional Stock Exchange), The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Ltd.

With the extensive networking of the Stock Exchange, Mumbai (BSE) and the extension of the BSE terminals to other cities as well, investors can have easy access to online dealings in the Company's equity shares, whereas no transactions have been taking place at Vadodara Stock Exchange Ltd., The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Ltd. for about last more than 4 to 5 years.

The Company's equity shares are one of the scripts which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialised form by all investors. It is also observed that the listing fee paid to the Stock Exchanges other than BSE is disproportionately high compared to the trading volumes of the Company's securities on those Exchanges. The Company has proposed this resolution, which will enable it to

delist its equity shares at any time in future from all or any of the Stock Exchanges namely Vadodara Stock Exchange Ltd., and/or The Stock Exchange, Ahmedabad and/or The Delhi Stock Exchange Association Ltd.

The Company's equity shares will continue to be listed on the Stock Exchange, Mumbai after the proposed delisting.

None of the Directors of the Company are, in any way, concerned or interested in this resolution.

The Board recommends the Special Resolution for adoption.

Date : 30.06.2003

For and behalf of the Board,

Place : Vadodara

Sajive Nair

Chairman & Managing Director

Annexure to the Notice of Annual General Meeting.

Information pursuant to Clause 49 of the Listing Agreement / reappointment of Directors.

Name of Director	:	Mr.Alexei Kossilov	Mr.Dilip Kartha
Date of Birth	:	17-09-1961	24-07-1962
Date of Appointment	:	28-04-1997	30-05-1998
Specialised Expertise	:	Admn. Management	Technical Management
Qualifications	:	Engineer	Engineer
Directorships of other Companies as on 31 st March, 2003	:	—	—
Chairman/Member of Other Committees of Companies as on 31 st March, 2003	:	Member of Shareholder's Grievance Committee of Interlink Petroleum Ltd.	Member of Remuneration Committee of Interlink Petroleum Ltd.

DIRECTORS' REPORT

To,
THE MEMBERS,

Your Directors have pleasure in presenting herewith Twelfth Annual Report of your Company for the year ended 31st March, 2003.

Following figures summarise the working result of the Company.

FINANCIAL RESULTS	(Rs. in Lacs)	
	2002-2003	2001-2002
Gross Income	138.43	61.08
Profit/(Loss) before Interest, Depreciation and loss on Sale of Investment	34.66	(198.19)
Interest	5.58	6.63
Depreciation	13.41	13.21
Loss on sale of Investment	—	19.03
Net Profit / (Loss)	15.67	(237.06)

DIVIDEND

In view of inadequate profit, the Directors do not recommend payment of any dividend.

OPERATION IN RETROSPECT & PROSPECT

During the year under review, the Company registered a phenomenal Growth by earning Gross Income of Rs.138.43 Lacs against Rs.61.08 Lacs of previous year with Gross Profit before Interest, Depreciation and Tax of Rs.34.66 Lacs against Loss of Rs.198.19 Lacs of previous year. Resultantly, the Company earned Net Profit of Rs.15.67 Lacs against Net Loss of Rs.237.06 Lacs of previous year.

The Company, in its quest to perform better, put its thrust and endeavors to operate the Baola Gas Field at the optimum level. The Company has been negotiating for a longterm firm contract for supply of 20,000 M³ Gas per day, to renown Industrial house and it is expected that the deal will soon be given appropriate shape which would provide a good boost to the Company to accomplish its objectives.

The Company has also been exploring possibility for early commissioning and operation of Modhera Oil Field allotted to the Company.

With the increase in the thrust of the Govt. of India on the Energy Sector and their encouraging move to allow participation from Private Sector to set and operate the infrastructure, the Company, too, is showing eagerness to undertake operations and register its worthy contributions, in future time to come.

With these, the Company expects a better future performance in coming years.

MANAGEMENT DISCUSSION & ANALYSIS

Overall Review

The year 2002-03 could see the stable growth internationally. While the Company is not in international activities, all the revenues are generated from Sale of Natural Gas in the Domestic Market. World over, the fastest growing source of primary energy is projected to be Natural Gas. Over 2001-2025 period, consumption of Natural Gas is projected to increase significantly and considerably, surpassing other traditional energy sources.

In the Country, the New Exploration Licensing Policy (NELP) has thrown open the sector to Private Sector, ensuring optimum exploitation of our reserves. The Company is expected to be the beneficiary of this policy.

Opportunities & Threat :

Government of India has opened up the business of Petroleum Operation in Private Sector to very high extent with the enhancement of New Exploration License Policy (NELP) and floating International Tenders/Road shows for various on shore/off shore blocks of India. The opportunities to enter into this area of business has become more confident because of advance technical backup being provided by the Government of India by carrying out advanced 3rd Seismic Surveys to a great extent on these blocks. Our Company has, though started small operations with Gas field at Baola and proposed Oil field at Modhera, there exists, now with new market trend to explore the business potentialities in the Hydrocarbon sector. Our Company is also in process of tie up with major Russian Companies in terms of Technical / Commercial Participation in the new NELP.

Threats

Various Foreign / International Companies are coming forward and as such in future, the Company has to compete on level playing field with International Giants.

Further Gas are located at isolated and scattered places hence their transfer to the usage point becomes costly and expensive and in turn calls for heavy investment and depress the margin available to the Company.

Internal Control Systems

The Company has adequate Internal Control Systems in respect of efficiency of operation, financial reporting, compliance with laws and applications etc. The Internal Control Systems is supplemented by Internal Audit conducted by sincere and dedicated qualified employees to review the adequacy and effectiveness of Internal Control and to suggest improvement. The audit compliances are made out with the weightages to the critical areas. The Audit Committee regularly reviews the significant observations of the Audit. The Committee also meets the Company's Statutory Auditors to obtain their observations on Financial Reports and Controls.

Financial

The Company will look forward for enhancement of Equity Participation with due stability in operations and performance, the Company hopes availing requisite borrowed finance for development of Existing field for production enhancement and also in the new allotted Modhera Oil field. Also the Company will look forward for enhancement of Equity Participation.

Review of Financial Performance :

During the year under review, the Company registered a phenomenal Growth as stated earlier hereinabove.

Statutory Compliance

On obtaining confirmation from the various functional areas of the Company of having complied with all the statutory requirements, a declaration regarding compliance of the provisions of the various statutes is made by the Managing Director at each board meeting. The compliance officer ensures compliance of the SEBI regulations and provisions of the Listing Agreement.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors would like to state that :-

- (i) In the preparation of the Annual Accounts, the applicable Accounting Standard have been followed.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.

- (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.

DIRECTORATE

Shri Alexei Kossilov and Shri Dilip Kartha, the Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-election.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchange, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report, as Annexure - A.

DEMATERIALISATION OF SHARES

As per the SEBI directives, the Company has been taking necessary steps for completing requisite formalities for dematerialisation of its shares and it is expected that by end of October, 2003, the ISIN would be allotted to the securities of the Company.

PUBLIC DEPOSITS

During the year, the Company has not accepted any Fixed Deposits under Section 58A of the Companies Act, 1956.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgoings is given in the Annexure forming part of this report.

PARTICULARS OF EMPLOYEES

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, information is not furnished, as no employee is covered thereunder.

AUDITORS

The Auditor M/s. Shirish Desai & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Members are requested to appoint the Auditors and fix their remuneration.

ACKNOWLEDGEMENT

The Board places on record its deep appreciation to the Government of India, Foreign Collaborators, Banks and employees for their co-operation and continued support received during the year under review.

Date : 30.06.2003

Place : Vadodara

For and behalf of the Board,

Sajive Nair
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement entered into with Stock Exchanges, the Company submits the report on the matters mentioned in the said Clause and lists the practices followed by the Company.

1. Company's Philosophy on Code of Corporate Governance

Interlink Petroleum Ltd's philosophy on Corporate Governance envisages working towards high levels of accountability, consistent value systems, delegation, across all facets of its operations leading to focussed and operationally growth.

2. Board of Directors

The Company has a Executive Chairman and Managing Director and another Wholetime Director with seven Independent Directors.