

INTERLINK PETROLEUM LIMITED

**ANNUAL REPORT
2003-2004**

For Interlink Petroleum Ltd.

Shaila
Director

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

**13TH
ANNUAL
REPORT
2003-2004**

Board of Directors : Shri Sajive Nair
Chairman & Managing Director

Shri Vyatcheslav Gryzin
Vice - Chairman

Smt. Shaila Kartha
Executive Director

Shri Vladimir Baiburin
Shri Alexei Kossilov
Shri Satish Sonalkar
Shri Dilip Kartha
Shri Yatin Rathod
Dr. Vinod C. Malshe

Registered Office : "Interlink House"
Akota-Padra Road, Akota
Vadodara - 390 020

Dy. Company Secretary : Anil Davadkar

Bankers : Bank of Baroda
Oriental Bank of Commerce

Auditors : M/s. Shirish Desai & Co.
Chartered Accountants
Vadodara.

NOTICE

Notice is hereby given that the 13th Annual General Meeting of Interlink Petroleum Limited will be held on Wednesday, the 25th August, 2004 at 11.30 a.m. at the Auditorium of Vanijyabhavan, Central Gujarat Chamber of Commerce, Race Course, Vadodara, to transact the following Ordinary business.

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2004, 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 Yatin Rathod, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Vinod C. Malshe, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Date : 30.06.2004

Place : Vadodara

For and on 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. The Register of Members and Share Transfer Registers of the Company will remain closed during Monday, the 16th August, 2004 to Wednesday, the 25th August, 2004 (both days inclusive).
3. Proxies should be lodged with the Company 48 hours before the commencement of the meeting.
4. 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.

Annexure to the Notice of Annual General Meeting.

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

Name of Director	:	Mr.Yatin Rathod	Mr.Vinod C.Malshe
Date of Birth	:	16-11-55	28-02-47
Date of Appointment	:	30-05-98	30-06-98
Specialised Expertise	:	Technical Management	Industrial Management
Qualifications	:	Diploma in Mechanical and Electrical Engineering	Phd.in Chemical Engineering
Directorships of other Companies as on 31 st March, 2004	:	—	—
Chairman/Member of Other Committees of Companies as on 31 st March, 2004	:	Member of Remuneration Committee of Interlink Petroleum Ltd.	Chairman of Audit Committee & Member of Shareholders' Grievance Committee of Interlink Petroleum Ltd.



DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting herewith Thirteenth Annual Report of your Company for the year ended 31st March, 2004.

Following figures summarise the working result of the Company.

Financial Results	(Rs. in Lacs)	
	2003-2004	2002-2003
Gross Income	180.51	138.43
Profit before Interest, Depreciation & Tax	44.43	34.66
Interest	0.85	5.58
Depreciation	13.71	13.41
Provision for Taxation	5.86	—
Net Profit	24.01	15.67

Dividend

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

Operation in retrospect & prospect

During the year under review, as evident, the Company could register phenomenal growth in terms of Revenue and Profit with its systematic and planned strategy and result oriented efforts.

Based on the activity conducted during the last 2 years operations at Baola field, our Technical team comprising of highly qualified and experienced persons have envisaged high potential recovery of hydrocarbons associated with this field. An enhanced recovery, work programme is planned to recover more hydrocarbon potential from this field. Since both the current wells associated with this field will be developed for enhanced production, considerable expenses are budgeted for the same.

Also as per market survey conducted recently, the demand of Natural Gas is increasing in the vicinity of our field due to Industrial Development.

Since Government of India is continuously thrusting on development of Energy Sector, the Company expects good support therefrom and barring unforeseen circumstances, it hopes to pose a better result in coming years.

The Company is awaiting the completion formalities of Mining Lease approval from the Government, in order to start the commissioning activities.

Management discussion & analysis

Overall Review

Year 2003-04 could also 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. As reiterated earlier 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 encouraged Private Sector for their due contribution to the Development of Nation by ensuring optimum exploitation of our reserves. The Company is hopeful to be the beneficiary of this policy in future time to come.

Opportunities & Threat

Government of India has continued 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 have 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 good prospects. With new market trend to explore the business potentialities in the Hydrocarbon Sector, the Company is in process of tie up with major Russian Companies in terms of Technical / Commercial Participation in the said new NELP.

Threats,

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

Further, several Foreign / International Companies are coming forward and as such in future, your Company has to compete with International Giants.

Internal Control Systems

The Company has already adequate Internal Control Systems in respect of efficiency of operation, financial reporting, compliance with laws and applications etc. which is supplemented by Internal Audit conducted regularly to review the adequacy and effectiveness of Internal Control and to suggest improvement. The Audit Committee regularly reviews the significant observations of the Audit and also meets the Company's Statutory Auditors to obtain their observations on Financial Reports and Controls.

Financial

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

Review of Financial Performance

During the year under review, the Company registered an impressive Growth as stated earlier hereinabove.

Statutory Compliance

On obtaining confirmation from the various functional areas of the Company of having complied with 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 Standards 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 Yatin Rathod and Shri Vinod C.Malshe, 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 per 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 the ISIN would be allotted to the securities of the Company by National Securities Depository Ltd.(NSDL) and Central Depository Services Ltd.(CDSL) shortly.

Delisting of Shares

In accordance with the approval granted by the shareholders, the Company has got its equity shares delisted from the The Stock Exchange, Ahmedabad. The process of delisting from the Vadodara Stock Exchange Limited and The Delhi Stock Exchange Association Ltd., is in an advanced stage and their approvals are awaited.

The Company's equity shares shall continue to be listed on the Stock Exchange, Mumbai (BSE) having nationwide trading terminals.

Audit Committee

Pursuant to the provisions of Section 292A of the Companies Act, 1956, an Audit Committee has been constituted comprising three Independent Non-Executive Directors viz. Mr.Vinod C.Malshe, Mr.Satish Sonalkar and Mr.Vladimir Baiburine. The Chairman of the Committee is Mr.Vinod C.Malshe. The terms of reference stipulated by the Board for the Audit Committee, cover the matters specified in aforesaid Section.

Remarks in Auditors' Report

Observations made by the Statutory Auditors in their notes on Accounts, are self-explanatory and do not call for any further comments and observations by 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 Auditors 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 : 30.06.2004
Place : Vadodara

For and behalf of the Board,

Sajive Nair
Chairman & Managing Director

ANNEXURE - A
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 sharply focussed and operationally efficient growth.

2. Board of Directors

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

The names and categories of the Directors, their attendance at Board Meetings, Annual General Meeting, No. of directorships in other Companies and No. of Committee Membership etc. are given below.

Name of Director	Category of Director	No. of Board Meetings attended during 2003-04	Whether attended last A.G.M.	No. of Directorship in domestic public Companies	No. of Committee membership	
					Chairman	Member
Mr.Sajive Nair	Executive Chairman	7	Yes	1	---	—
Mr.Vyatcheslav Gryzin	Non Executive Vice Chairman Independent	—	No	---	1	1
Mrs.Shaila Kartha	Executive	7	Yes	1	—	—
Mr.V.G.Baiburin	Non Executive Nominee	—	No	1	—	1
Mr.Alexei Kossilov	Non Executive Independent	—	No	—	—	1