

**INTERLINK**



**INTERLINK  
PETROLEUM LIMITED**

**16th  
Annual Report  
2006 -2007**

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

**16<sup>TH</sup>  
ANNUAL  
REPORT  
2006-2007**

**Board of Directors**

: Shri Sajive Nair  
Chairman & Managing Director

Shri Vyatcheslav Gryzin  
Vice - Chairman

Smt. Shaila Kartha  
Executive Director

Shri Vladimir Baiburine  
Shri Alexei Kossilov  
Shri Satish Sonalkar  
Dr. Vinod C. Malshe

**Registered Office**

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

**Dy. Company Secretary**

: Sanjay Chavda

**Bankers**

: Bank of Baroda  
Oriental Bank of Commerce

**Auditors**

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

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**INTERLINK PETROLEUM LIMITED****16th Annual Report****NOTICE**

Notice is hereby given that the 16th Annual General Meeting of Interlink Petroleum Limited will be held on Friday, the 28th September, 2007 at 3.00 p.m. at the Auditorium of Vanijyabhavan, Central Gujarat Chamber 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, 2007, Balance Sheet as at the 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 Dr. Vinod C. Malshe, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Vyatcheslav Gryzin, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Place: Vadodara.

Date: 14.08.2007

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 Tuesday, the 25th September, 2007 to Friday, the 28<sup>th</sup> September, 2007 (both days inclusive).
3. Proxies should be lodged with the Company 48 hours before the commencement of the meeting.
4. Equity shares of the Company bear the ISIN No. INE959G01016 as allotted by National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) and are traded in demat form. Share holders are requested to demat their shares for the sake of trading and convenience.



**INTERLINK PETROLEUM LIMITED****16th Annual Report**

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.

**Annexure to the Notice of Annual General Meeting.**

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

Name of Director	: Dr. Vinod C. Malshe	Shri Vyatcheslav Gryzin
Date of Birth	: 28-02-1947	22-05-1952
Date of Appointment	: 30-06-1998	08-01-1994
Specialised Expertise	: Industrial Management	Technical Management
Qualifications	: PhD. in Chemical Engineering	Diploma in Mechanical & Electrical Engineering
Directorships of other Companies as on 31st March, 2007	: ---	---
Chairman/Member of Other Committees of Companies as on 31st March, 2007	: Chairman of Remuneration committee and 'Share holders' Grievance Committee and Member of Audit Committee of Interlink Petroleum Ltd.	---

**INTERLINK PETROLEUM LIMITED****16th Annual Report****DIRECTORS' REPORT**

To,  
The Members,

Your Directors have pleasure in presenting herewith Sixteenth Annual Report of your Company for the year ended 31st March, 2007.

Following figures summarise the working result of the Company.

**Financial Results**

	2006-2007	(Rs. in Lacs) ) 2005-2006
Gross Income	0.62	1.76
Gross Profit/(Loss) before Interest, Depreciation & Tax	(53.20)	(62.95)
Interest	1.14	1.05
Depreciation	15.81	14.36
Provision for Taxation	0.72	1.39
Net Profit / (Loss)	(70.87)	(79.75)

**Dividend**

In view of loss, the Directors regret their inability to recommend payment of any dividend to the members.

**Operation in Retrospect & Prospect**

During the year under review, as evident, the Company could not register growth in terms of Revenue and Profit due to Development activity being undertaken to increase production from the current rate thereby to exploit the full potential of the field.

The Company intends to implement a major expansion production programme of Baola Gas field, which includes to develop the existing two wells for full potential recovery with latest production technology. However, the paucity of funds, creates bottlenecks in implementation of the proposed plan. The Board has been considering various proposals for assignment of participating interest to the suitable party, having sound economic position and interest in collaborate its long term interest with the organisational interest.

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

The Company is still awaiting the completion formalities of Mining Lease approval of



**INTERLINK PETROLEUM LIMITED****16th Annual Report**

Modhera Field from the Government in order to start the commissioning activities.

**Management Discussion & Analysis**Overall Review

Year 2006-07 could also see the stable growth internationally. However the Company is not in international activities. 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

Government of India has continued putting thrust of the business of Petroleum Operation in Private Sector to very high extent with the enhancement of New Exploration Licensing 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 3D 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 other Companies in terms of Technical/ Commercial Participation for National and International Oilfields.

Threats

Gas is 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 suppress the margin available to the Company.

Further, various Foreign / International Companies are coming forward and as such in future, the 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



**INTERLINK PETROLEUM LIMITED****16th Annual Report**

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's Gross Income got reduced due to development activities being carried out in the field for maximum recovery of its potential.

**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 loss 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.

**INTERLINK PETROLEUM LIMITED****16th Annual Report****Directorate**

Dr. Vinod C. Malshe and Shri Vyatcheslav Gryzin, the Directors, retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-election.

Mrs. Shaila Kartha, has been re-appointed as Executive Director for a period of 3 years effective from 25-11-2006. The Company hopes that her contributions and business accumen would help the Company in furthering its interest.

**Corporate Governance**

Pursuant to Clause 49 of the Listing Agreement 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.

**Audit Committee**

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

**Remarks of 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,



**INTERLINK PETROLEUM LIMITED****16th Annual Report**

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.

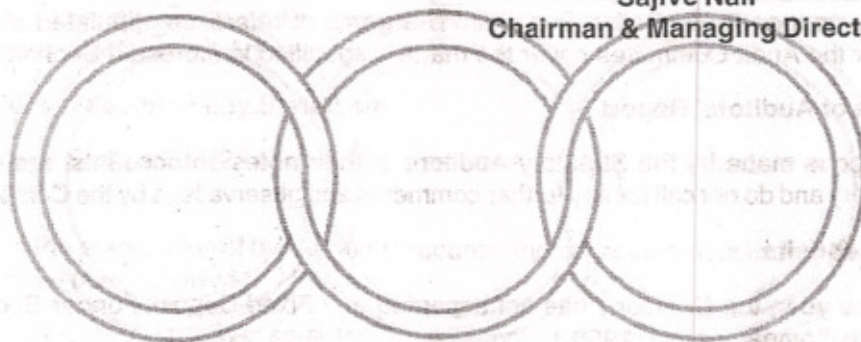
Place : Vadodara.

Date : 14.08.2007

For and on 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 Exchange, 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 transparency, accountability, consistent value systems, delegation across all its operations. The Company's Corporate Governance philosophy has been further strengthened through its Code of Conduct, Code of Conduct for prevention of Insider Trading as also the Code of Corporate Disclosure practices leading to sharply focused and operationally efficient growth. The business operations are conducted to benefit its all stakeholders, including shareholders, employees, customers, suppliers and statutory authorities.

#### 2. Board of Directors

The Board of Directors is consisting of Directors with a Chairman and Managing Director, Executive Director and five independent Non Executive Directors as on 31.3.2007. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Ltd. (BSE)

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49, across all the Companies in which he is a Director. Necessary disclosures regarding Committee position in other Public Companies as at 31st March, 2007 have been made by the Directors.

A brief resume of the directors being re-appointed at the Annual General Meeting, the nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership of the committees of the Board is annexed to the Notice. Whereas the names and categories of the Directors, their attendance at Board Meetings, Annual General Meetings, No. of directorships in other Companies and committee meetings etc. are given below.

Name of Director	Category of Director	No. of Board Meetings attended during the year	Whether attended last A.G.M.	No. of Directorship in domestic public Companies	No. of Committee membership	
					Chairman	Member
Mr.Sajive Nair	Executive Chairman	4	Yes	1	--	--