

**THE INDIAN
LINK CHAIN
MANUFACTURERS
LIMITED**

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47th

ANNUAL REPORT

2004 - 2005

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THE INDIAN LINK CHAIN MFRS. LTD.

DIRECTORS

S. V. Mazumdar
Dr. (Ms.) Usha J. Parekh
P. K. Nevatia
(Managing Director)

BANKERS

State Bank of India
Industrial Finance Branch
World Trade Centre, Cuffe Parade
Mumbai 400 005.

AUDITORS

M/s. M. L. Bhuwania & Co.
(Chartered Accountants)
Dahanukar Bldg., 5th floor
480, Kalbadevi Road
Mumbai 400 002.

REGISTERED OFFICE

59, Sonawala Building
2nd floor, Mumbai Samachar Marg
Fort, Mumbai 400 023.
Tel : 22661013 Fax : 22664311

WORKS

CHEMICALS DIVISION

D-18, MIDC Industrial Area,
Boisar, Dist. Thane 401 506

THE INDIAN LINK CHAIN MFRS. LTD.**FINANCIAL POSITION AT A GLANCE**

As at 31 March

	2005	2004	2003	2002	2001
WE OWNED					
Fixed Assets after depreciation	121.48	221.30	241.90	254.47	282.04
Loans & Advances	34.38	78.94	58.00	51.08	51.00
Material & Products for use and sale	48.53	153.70	233.75	295.70	304.31
Amounts due from Customers	325.53	140.78	279.35	282.43	321.25
Cash & Bank balance	28.65	33.87	30.14	14.07	8.63
Deferred Tax	(31.95)	1.13	101.26	50.40	-
Miscellaneous Expenses	-	9.08	12.10	-	-
	<u>526.62</u>	<u>638.80</u>	<u>956.50</u>	<u>948.15</u>	<u>967.23</u>
WE OWED					
To Banks	334.89	361.61	281.57	291.39	266.01
To Others	27.89	138.88	132.71	116.58	125.69
For Materials & Expenses	161.48	164.15	298.29	246.63	222.35
For Gratuity	6.85	78.03	7.29	8.92	4.28
Miscellaneous	58.12	247.22	160.33	106.62	76.22
	<u>589.23</u>	<u>989.89</u>	<u>880.19</u>	<u>770.14</u>	<u>694.55</u>
NET WORTH					
Share Capital	50.00	50.00	50.00	50.00	50.00
Reserves & Surplus	20.42	56.37	57.59	128.01	222.68
Profit & Loss a/c Dr.balance	(133.03)	(457.46)	(31.28)	-	-
	<u>-62.61</u>	<u>-351.09</u>	<u>76.31</u>	<u>178.01</u>	<u>272.68</u>

SHARE HOLDER INFORMATION

ANNUAL GENERAL MEETING ON
29TH SEPTEMBER, 2005 AT 2.30 P.M. AT
'IEEMA', INDIAN ELECTRICAL & ELECTRONIC
MANUFACTURERS ASSOCIATION, 501, KAKKAD
CHAMBERS, 132, DR. ANNIE BESANT ROAD,
WORLI, MUMBAI - 400 018.

BOOK CLOSURE DATES

28TH SEPTEMBER, 2005
TO 1ST OCTOBER, 2005.

FOR SHARE TRANSFER, TRANSMISSION, CHANGE OF ADDRESS, DUPLICATE/MISSING SHARE CERTIFICATE AND ANY OTHER ASSISTANCE PLEASE CONTACT REGISTRAR AND TRANSFER AGENT M/S. MONDKAR COMPUTERS PVT. LTD., 25, SHAKIL NIWAS, OPP. SATYA SAIBABA TEMPLES, MAHAKALI CAVES ROAD, ANDHERI (E), MUMBAI - 400 093. TELEPHONE NO. 2836 6620. SHARES CAN BE DEMATERIALIZED WITH CDSL. THE CODE ALLOTTED TO THE COMPANY IS ISIN INE 359 D 01016.

THE INDIAN LINK CHAIN MFRS. LTD.**NOTICE**

NOTICE IS HEREBY GIVEN THAT 47TH ANNUAL GENERAL MEETING OF THE INDIAN LINK CHAIN MANUFACTURERS LIMITED, WILL BE HELD ON 29TH SEPTEMBER, 2005 AT 2.30 P.M. AT 'IEEMA', INDIAN ELECTRICAL & ELECTRONIC MANUFACTURERS ASSOCIATION, 501, KAKKAD CHAMBERS, 132, DR. ANNIE BESANT ROAD, WORLI, MUMBAI - 400 018. TO TRANSACT THE FOLLOWING BUSINESS.

1. To consider and adopt Balance Sheet as on 31st March, 2005, Profit & Loss Account for the year ended on that date and report of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Shri S V Muzumdar, who retires by rotation but being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company for the period commencing from conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company.

NOTES :

- a) A member entitled to attend and vote is entitled to appoint proxy, to attend and on a poll, to vote instead of himself and a proxy need not be a member.
- b) The Register of Members and the Share Transfer Books of the Company will remain closed from 28th September, 2005 to 1st October, 2005. Both days inclusive.
- c) Members are hereby informed that Dividends for the financial year ended 31st March, 1997 and thereafter which remain unclaimed/unencashed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956. Further, under the amended provisions of Section 205B of the Companies Act, 1956, no claim shall lay for the unclaimed dividend from IEPF by the Shareholders. Shareholders are, therefore, advised to send all unencashed Dividend Warrants/seek payment of unclaimed dividend upon compliance with prescribed formalities by contacting the Registered Office of the Company.

For THE INDIAN LINK CHAIN MFRS. LTD.

R.K. NEVATIA
MANAGING DIRECTOR

DIRECTORS' REPORT

1. Your Directors present their Annual Report and the Audited Account for the year ended March 31, 2005.
2. As reported in the Directors' Report, last year a reference was made to BIFR on erosion of the Capital & Reserve of the Company. The matter has been registered with BIFR, but no hearing has taken place.
3. During the year the land of the Chain Division was revalued based on the valuation report of an approved valuer and appropriate entries in the accounts have been made.

You are aware that operations of Chain Division were stopped in October 2003. During the year a settlement was arrived at with the workmen in the High Court and thereafter an agreement for development of the property at Bhandup was entered into with a reputed Developer, under which an amount of Rs.3.00 Crores was paid for payment of workers dues and other statutory dues like Sales Tax, Provident Fund, ESIC etc. Subsequently, a settlement was arrived at with SICOM Ltd. and they agreed to waive all outstanding interest charges. Payment of Principal dues was made from further payment received from the Developer. Balance payment from the Developer will be received on the Company getting a closure certificate from The Commissioner of Labour, Govt. of Maharashtra. This is being processed and is expected to be received shortly.

All other Fixed and Current Assets were also sold. Some machines which were hypothecated to SICOM Ltd. could not be delivered as SICOM had charge on the same. After the settlement with SICOM at the end of March 2005 these machines have been sold. Operation of the Chain Division have been wound up.

4. The Chemical Division has performed better with production at 36239 MT against 23773 MT. However, the market for Company's products remain highly volatile due to large output from copper smelting plant which produces sulphuric acid as bye product and other manufacturers who have large captive consumption of acid and therefore sell surplus sulphuric acid and other products at a loss or marginal costs. In view of this situation the Directors have proposed to sell this division also and therefore shareholder's consent for the same was obtained through postal ballot during the year. Directors will take a final decision on a proposals received only after a settlement is arrived at with State Bank of India, who holds a charge on the assets of the Chemical Division. Negotiations are in advanced stage and Directors hope that in the near future a settlement with SBI will be reached and thereafter a sale to prospective buyers will be possible.

Your Directors will consider the possibilities of starting new business after successful sale of Chemical Division.

5. As stipulated in Section 217(2AA) of Companies Act, 1956, your Directors subscribe to the "Directors Responsibility Statement" and Confirm as under :
 - (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
 - (ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
 - (iii) that the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and preventing and detecting fraud and other irregularities;
 - (iv) that the directors have prepared the annual accounts on a going concern basis.
6. Shri S V Muzumdar, a Director of the Company retires by rotation, but being eligible offers himself for re-election.

THE INDIAN LINK CHAIN MFRS. LTD.

7. Additional information in respect of the Chemical Division required under the provisions of Section 217 (1)(e) of the Companies Act, 1956 together with Companies (Disclosure of particulars) in the report of Board of Directors) Rule 1988 and forming part of the report is also annexed hereto.
8. As required under Section 383 A of the Companies Act a certificate of compliance with the provision of the Act from a secretary in whole time practice is attached herewith.
9. M/s.M.L. Bhuwania & Co., Auditors of the Company, retire, but are eligible for re-appointment and have furnished to the Company a certificate for their eligibility, for the re-appointment. The Directors recommend their re-appointment for the year 2004-2005 as Auditors of the Company.

Auditors Report makes observation under paragraph 4(vi) of the report. This has been explained in Notes 12 & 15 of Schedule 23 of the Accounts.

S.V. Muzumdar

Dr.(Ms.) Usha J. Parikh
Directors

P.K. Nevatia
Managing Director

Place : Mumbai
Date : August 24, 2005

ANNEXURE TO DIRECTORS' REPORT

Annexed to Directors' Report as per Section 217(1)(e) of the Companies Act, 1956.

A. Conservation of Energy :

The Company continues to recover energy by utilization of process heat and converting the same into steam and use it for Sulphur melting, part of the excess being sold to nearby users.

Power & Fuel Consumption	2004-2005	2003-2004
Electricity		
a) Purchased Units (Lacs/KWH)	22.52	15.96
Total amount (Rs.in lacs)	76.49	57.20
Rate per unit (Rs.)	3.40	3.58
b) Own Generation (Diesel)		
Units (Lacs/KWH)	0.15	0.35
Units per Litre of Diesel	2.61	2.40
Cost per Unit (Rs.)	11.12	9.98
Others (high Speed Diesel)		
Quantity (Litre)	8975	7085
Total Cost (Rs. in lacs)	2.80	1.84
Rate per Unit (Rs. per Litre)	31.30	25.97
Consumption per Tonne of Sulphuric Acid Produce		
Electricity (KWH)	62.38	68.79
High Speed Diesel Oil (Litre)	0.42	0.92

B. Technology Absorption :

As Reported earlier, no technology has been imported. New developments are being continuously evaluated and adopted through technical consultants. There is no direct research and development activity since the operations are small.

C. Foreign Exchange Earnings :

The information is contained in item 9 d e f g of Schedule 23 in notes on accounts.

THE INDIAN LINK CHAIN MFRS. LTD.**AUDITOR'S REPORT****TO THE MEMBERS OF THE INDIAN LINK CHAIN MANUFACTURES LIMITED.**

1. We have audited the attached Balance sheet of The Indian Link Chain Manufactures Limited, Mumbai as at 31st March 2005, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report, that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the directors, as on 31st March 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to: Non - Provision of Interest due and charged by the bank of Rs. 11,80,948 & Non - Provision of Interest due but not applied by the Bank of Rs. 38,57,096. and read together with the Notes thereon particularly Note no. 12 of Schedule 23, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2005;
 - b) in the case of the Profit and Loss account, of the Loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For and on behalf of
M. L. Bhuwania & Co.
 Chartered Accountants
Ashish Bairagra
 Partner
 Membership No-109931

Place: Mumbai
 Date : 24-8-2005

Annexure referred to in paragraph 3 of Auditor's report to the members of The Indian Link Chain Manufactures Limited for the year ended 31st March 2005.

1. The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. As per the information and explanation given to us, physical verification of a major portion of fixed assets was conducted by the management during the year. In our opinion, the frequency of physical verification is reasonable. Having regard to the size of the operation of the company and on the basis of explanations received, in our opinion, the net differences found on physical verification were not significant.
Due to the closure of Company's Chain division, the company has disposed off substantial part of its fixed assets of chain division situated at Bhandup during the year covered by our report. These factor, along with other matters set forth in Note no. 12 of Schedule 23, raise substantial doubt about the Company's ability to continue as a going concern in the foreseeable future. However, in the opinion of the Board of Directors, the Company intends to invest the surplus money, if any, from the future sale of assets of the chemical division into any profitable business hence company should be viewed as a going concern in the foreseeable future.
2. The management has conducted physical verification of inventory at reasonable intervals. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. The Company has not taken/granted any loan from any companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4 (iii) of the Order is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no transactions that need to be entered into the register maintained under section 301. Accordingly, clause 4 (v) of the Order is not applicable to the Company.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits during the year. In respect of deposit taken in the earlier year no order has been passed by the Company Law Board or the National Company Law Tribunal or any other Tribunal during the year.
The company does not have an internal audit system.
7. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
8. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities except Profession Tax, Maharashtra Labour Welfare Fund and Works Contract Tax of Rs. 4,49,690, Rs. 8,897 and Rs. 3,65,984 respectively, which has fallen due for deposit with the appropriate authorities but has not been so deposited. According to the information and explanations given to us, no undisputed amounts payable were outstanding at the year end for a period of more than six months from the date they became payable except Works Contract Tax of Rs 1,36,758.
 According to the records of the company, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax and Cess, which have not been deposited on account of any dispute.