

**THE INDIAN
LINK CHAIN
MANUFACTURERS
LIMITED**

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**48th
ANNUAL REPORT
2005-2006**

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DIRECTORS

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

BANKERS

Central Bank of India
Main Branch,
Mumbai Main Branch,
M.G. Road, Fort,
Mumbai

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

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
WE OWNED					
Fixed Assets after depreciation	102.85	121.48	221.30	241.90	254.47
Loans & Advances	29.35	34.38	78.94	58.00	51.08
Material & Products for use and sale	18.07	48.53	153.70	233.75	295.70
Amounts due from Customers	86.20	325.53	140.78	279.35	282.43
Cash & Bank balance	26.39	28.65	33.87	30.14	14.07
Deferred Tax	-28.06	-31.95	1.13	101.26	50.40
Miscellaneous Expenses	-	-	9.08	12.10	-
	<u>234.80</u>	<u>526.62</u>	<u>638.80</u>	<u>956.50</u>	<u>948.15</u>
WE OWED					
To Banks	16.95	334.89	361.61	281.57	291.39
To Others	39.47	27.89	138.88	132.71	116.58
For Materials & Expenses	5.83	161.48	164.15	298.29	246.63
For Gratuity	0.00	6.85	78.03	7.29	8.92
Miscellaneous	198.05	58.12	247.22	160.33	106.62
	<u>260.30</u>	<u>589.23</u>	<u>989.89</u>	<u>880.19</u>	<u>770.14</u>
NET WORTH					
Share Capital	50.00	50.00	50.00	50.00	50.00
Reserves & Surplus	20.42	20.42	56.37	57.59	128.01
Profit & Loss a/c Dr.balance	-95.92	-133.03	-457.46	-31.28	
	<u>-25.50</u>	<u>-62.61</u>	<u>-351.09</u>	<u>76.31</u>	<u>178.01</u>

SHARE HOLDER INFORMATION**ANNUAL GENERAL MEETING ON**

29th SEPTEMBER 2006

AT 2.30 P.M AT IEEMA, INDIAN ELECTRICAL & ELECTRONIC
MANUFACTURERS ASSOCIATION,501, KAKAD CHAMBERS, 132, DR. ANNIE BESANT ROAD,
WORLI, MUMBAI - 400018.**BOOK CLOSURE DATE**

25th SEPTEMBER 2006

TO

30th SEPTEMBER 2006

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 - 400093 TELEPHONE NO.28366620. 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 48TH ANNUAL GENERAL MEETING OF THE INDIAN LINK CHAIN MANUFACTURERS LIMITED, WILL BE HELD ON 29TH SEPTEMBER, 2006 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 2006, 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 Dr.Mrs.Usha J.Parekh who retires by rotation but being eligible for offer her for re-appointment.
3. To appoint Auditors of the company for the period commencing of this meeting till the conclusion of the next Annual Meeting of the Company

NOTES:

- a) A member entitled to attend to appoint proxy, to attend and On 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 25th September 2006 to 30th September 2006. Both days inclusive.
- c) Members are hereby informed that Dividends for the financial year ended 31st March, 1998 and thereafter which remain unclaimed / unencashed over the period of 7 year 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 upon compliance with prescribed formalities by the Registered Office of the Company.

For THE INDIAN LINK CHAIN MFRS.LTD

P.K.NEVATIA

MANAGING DIRECTOR

Place: Mumbai

Dated: July 24, 2006.

DIRECTORS' REPORT

1. Your Directors present their Annual Report and the Audited Account for the year ended March 31, 2006.
2. Working of Chemical Division was Stopped w.e.f 16th Jan 2006 pending completion of formalities for sale of the assets of Chemical Division as reported later.
During the year waiver of part interest by SBI and other adjustments has resulted in Book profit of RS 37.12 Lacs.
3. State Bank Of India arrived at a one time settlement of their dues. SBI have accepted the payment and given a Certificate of no dues. The Charge on the Chemical Division assets was discharged.
4. A resolution authorizing the Director to dispose of the asset of Chemical Division was passed by postal ballot. The Directors during the Year entered into a MOU for the sale of the Land, Plant & Machinery at D-18, MIDC Tarapur. Recently the sale has been completed and full sale Proceeds received by the Company. This will be reflected in the next years Accounts. This leaves the Company with non industrial assets, which were not part of the sale of Chemical Division. Effort, to sell or put the assets to use effectively are being made. Directors will consider the probabilities of starting new business thereafter.
5. Reference made to BIFR during last year was registered. In view of the Sale of Chemical Division, the Company is no more an Industrial Company. All secured Creditors have been satisfied. In view of sale of all Industrial business yours Directors were advised that BIFR will be no more applicable and therefore this was not pursued. BIFR has dismissed the application.
6. 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 the period ;
 - (iii) that the directors have been proper and sufficient care of the maintenance of adequate account 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.
7. Dr.Mrs.Usha.J.Parekh, a Director of the Company retires by rotation, but being eligible offers herself for re-election.
8. Additional information in respect of the Chemical Division required under the provision 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 forming part of the report is also annexed herewith.
9. As required under Section 383 A of the Company Act a Certificate of compliance with the provision of the Act form a Secretary in whole time practice is attached herewith.
10. M/s.M.L. Bhuwania & Co., Auditors of the Company, retires, but are eligible for re-appointment and have furnished to the Company Certificate for their eligibility, for the re-Appointment. The Directors recommend their re-appointment for the year 2006-2007 as Auditors of the Company.
11. Auditors Report makes observation under paragraph 4(vi) of the report. This has been explained in Notes 11 & 14 of Schedule 23 of Accounts.

S.V.Muzumdar Dr. (Ms.) Usha J.Parekh
Directors

P.K.Nevatia
Managing Director

Place: Mumbai.

Date: 24th July, 2006.

ANNEXURE TO DIRECTORS' REPORT

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

A. Conversation 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		2005-2006	2004-2005
a)	Electricity		
	Purchased Units (Lacs/. KWH)	17.76	22.52
	Total amount (Rs.in lacs)	62.70	76.49
	Rate per unit (Rs.)	3.53	3.40
b)	Own Generation (Diesel)	0.36	0.15
	Units (Lacs/KWH)	2.37	2.61
	Units per Litre of Diesel	13.66	11.12
	Cost per Unit (Rs.)		
	Others (high Speed Diesel)	-	8975
	Quantity (Litre)	-	2.80
	Total Cost (Rs. in lacs)	-	11.21
	Rate per Unit (Rs. per Litre)	-	31.30
	Consumption per Tonne of Sulphuric Acid Produce		
	Electricity (KWH)	63.93	62.38
	High Speed Diesel Oil (Litre)	0.53	0.42

B. Technology Absorption:

As Reported earlier, no technology has been imported. New developments are being continuously evaluated 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 of accounts.

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 2006, 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 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2006 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 Note no. 14 of Schedule 23* and read together with the other Notes thereon *particularly Note no. 11 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 2006;
 - b) in the case of the Profit and Loss account, of the Profit 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 : 24th July, 2006

THE INDIAN LINK CHAIN MFRS. LTD

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 2006.

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, and have been properly dealt with in the accounts.
The company has not disposed off substantial part of its fixed assets during the year. However the company has agreed to dispose off substantial part of the fixed assets of the Chemical Division situated at Tarapur in forthcoming financial year. The negotiations have been finalized. These factors, along with other matters as set forth in Note no. 11 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 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.
8. 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.
9. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including 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 Provident Fund, Profession Tax, Maharashtra Labour Welfare Fund, Works Contract Tax, Sales Tax and Gram Panchayat Tax of Rs. 7,020, Rs. 4,59,690, Rs. 8,897, Rs. 2,91,364, Rs. 9,41,245 and Rs. 85,118 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 Profession Tax, Maharashtra Labour Welfare Fund, Works Contract Tax and Sales Tax of Rs. 4,53,690, Rs. 8,897, Rs. 2,91,364, Rs. 5,53,798 and Rs. 85,118 respectively.
According to the records of the company, there are no dues of, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax and Cess, which have not been deposited on account of any dispute except Sales Tax. Details are given as under:

Name of the statute	Nature of the Dues	Amount (Rs)	Period to which it relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Non- Submission of C- Forms and penalty thereon	1,55,600	2001-2002	Deputy Commissioner

10. The accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash losses during the financial year and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has defaulted in repayment of dues to bank including interest of Rs. 149 lacs. However during the year, the Company has settled the dues under one time settlement with the bank on January 18, 2006. The company does not have any borrowings from financial institution or by way of debenture.
12. Based on our examination of documents and records, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable to the Company.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute application to chit fund and nidhi/mutual benefit fund/societies. Accordingly, clause 4 (xiii) of the Order is not applicable to the Company.
14. Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company is not dealing / trading in shares, securities, debentures and other investment. Accordingly, clause 4 (xiv) of the Order is not applicable to the Company.
15. According to the information and explanation given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the Order is not applicable to the Company.
16. The Company has not taken any term loans during the year. Accordingly, clause 4 (xvi) of the Order is not applicable to the Company.
17. According to the information and explanations given to us, and an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by the company.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.