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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the SIXTYFIRST ANNUAL GENERAL MEETING of International Combustion (India) Limited will be held at Park Hotel, 17, Park Street, Calcutta 700 016 on Friday the 26th September, 1997 at 3.30 P.M. to transact the following business :

1. To receive and adopt the Profit and Loss Account for the year ended 31st March, 1997, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. S. Faheem Ahmed who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. K. Ghose who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

The Register of Members and the Share Transfer Books of the Company will remain closed from 19th September, 1997 to 26th September, 1997 (both days inclusive).

Registered office :
107/ 1, Park Street
Calcutta - 700 016
the 13th August, 1997

By Order of the Board
S.C. Saha
Vice President (Finance) & Secretary

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. A proxy need not be a member of the Company. Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. The dividend if declared at the meeting, will be payable to those members whose names appear on the Company's Register of Members on 26th September, 1997 or to their mandatees and the dividend warrants will be posted to them on or after 21st October, 1997.
3. Members are requested to notify immediately, change in their address, if any, to the Company's Registrars & Share Transfer Agents **Star Infotech Pvt. Ltd., 107/1, Park Street, (5th Floor), Calcutta 700 016.**
4. In accordance with the provisions of Section 205A (5) of the Companies Act 1956, the Company has transferred all unpaid/unclaimed dividends for and upto the Company's financial year ended 31st March, 1993 to the General Revenue Account of the Central Government. Members who have valid claims to the unpaid/unclaimed dividends referred to above, are requested to prefer their claims to the Registrar of Companies, West Bengal, Nizam Palace, 234/4 A.J.C. Bose Road, Calcutta 700 020 in the prescribed manner, quoting the Company's Registration No. 21-08588.
5. Those members who have so far not encashed their dividend warrants for the Company's financial year ended on 31st March, 1994 may claim to the Company for payment, as the same will be transferred to the General Revenue Account of the Central Government immediately after 20th October, 1997.



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Board of Directors

S. Bagaria *Chairman*
 I. Sen *Managing Director*
 S. Faheem Ahmed
 S. Niyogi
 A. K. Ghose
 R. L. Gaggar
 D. N. Mookherji *(Nominee of ICICI)*

Vice President (Finance) & Secretary
 S. C. Saha

Auditors

Lodha & Co. *Chartered Accountants*

Registrars & Transfer Agents

Star Infotech Pvt. Ltd.
 107/1 Park Street, 5th Floor
 Calcutta 700 016

Principal Bankers

Hongkong Bank
 Punjab National Bank
 State Bank of Mysore

Registered Office

107/1, Park Street
 Calcutta 700 016

Manufacturing Facilities

Baidyabati (West Bengal)
 Santoshpur (West Bengal)
 Nagpur (Maharashtra)
 Aurangabad (Maharashtra)

Regional Office

Mumbai Calcutta New Delhi Chennai
 Nagpur Hyderabad Aurangabad

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Sixty-first Annual Report together with the Audited Accounts of the Company for the financial year ended March 31, 1997.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	1996-97	1995-96
Profit before Depreciation Interest and Tax	639.91	726.91
Less : Interest	315.86	307.32
	324.05	419.59
Less : Depreciation	111.97	111.73
Profit before Tax	212.08	307.86
Provision for Tax	39.00	32.00
Profit after Tax	173.08	285.86
Transfer from –		
Investment Allowance Reserve	–	12.00
Balance of profit from previous year	200.73	182.93
Surplus available for appropriation	373.81	480.79
Appropriations :		
Capital Reserve	33.75	19.00
Proposed Dividend	48.60	54.01
Corporate Tax on Dividend	4.86	–
Debenture Redemption Reserve	72.00	72.00
General Reserve	25.00	135.00
Balance of Profit carried to Balance Sheet	189.60	200.73
	373.81	480.79

DIVIDEND

Your Directors recommend payment of dividend of Rs. 2.25 per share without deduction of tax for the year ended 31st March 1997.

PUBLIC DEPOSITS

The total amount of deposits held by your Company as on 31st March 1997 stood at Rs. 2.53 lakhs. Of these deposits, matured deposits amounting to Rs. 0.31 lakh relating to 9 depositors remained unclaimed at the end of the year.

OPERATIONS

In the year under review the engineering industry in general and capital equipment manufacturing industry in particular

experienced industrial recession. Apart from the regression in demand in the iron and steel, mining and other related industry, the implementation of numerous other projects was delayed due to unfavourable liquidity situation of the market. Though your Company had established a steady growth pattern in the last many years, but the prevalent market conditions for the year under review affected the operation of your Company and the income for the year was Rs. 2714 lakhs. The profit before tax and the profit after tax for the year was Rs. 212.08 and Rs. 173.08 lakhs respectively.

Despite the depressed market conditions the Bauer Division registered a growth of 41% over the previous year. However, even with this growth, the Bauer Division could not contribute towards the profitability of the Company for the year under review. Your Directors are confident that in future the growth



International Combustion (India) Limited

rate of this Division shall accelerate further and it will be a major contributor to the profits of the Company.

The export sale also increased as compared to last year and the foreign exchange earnings for the year was Rs. 187.84 lakhs as against Rs. 118.11 lakhs for the previous year.

Your Directors further like to state that for the current year the indications in regard to recovery of the market from the recession situation is positive and the Company expects to continue its growth as in the past.

FUTURE PROSPECTS AND DIVERSIFICATION

Your Directors are pleased to inform you that Messrs. Eberhard Bauer GmbH & Co. Germany, under whose licence your Company manufactures BAUER gear boxes and geared motors, have shown interest in sourcing part of their requirement from your Company and the trial orders are under execution. This is a significant development for your Company since the success of such co-operation would guarantee major growth of your Company in future.

Since BAUER's demand is likely to be substantial over a period of time, one of the constraints that your Company expects is in the area of sourcing high precision and high quality castings. Your Company is, therefore, examining on a priority basis, the possibility of setting up of a foundry for producing high precision castings.

In the year under review your Company developed a range of specialised and energy efficient material handling equipment which has been launched successfully in the market this year. The products have received encouraging market response and are expected to contribute to the growth of your Company.

Your Company is also developing a state of art computerised motor test system which is planned to be launched in the market shortly. The Company expects substantial business from this sophisticated product.

INDUSTRIAL RELATIONS

Industrial relations remained cordial during the year at all the divisions of the Company.

POWER SUPPLY AND CONSERVATION OF ENERGY

Your Company is continuing the effort for conservation of energy and are taking all necessary steps for optimisation of the power and fuel consumption.

TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars in respect of research and development technology absorption and foreign exchange earnings and outgo as required by Section 217 (1) (e) of the Companies Act, 1956 are provided in Annexure I to this report.

PERSONNEL

The particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, are given in Annexure II and form part of this Report.

DIRECTORS

In view of the withdrawal of nomination by SICOM LTD. Mr. V.B. Gadkari, their nominee on the Board, ceased to be a Director of the Company with effect from 1st April, 1997. Your Directors place on record their appreciation of the valuable services rendered by Mr. Gadkari during his period of association with the Company.

Mr. S. Faheem Ahmed and Mr. A. K. Ghose retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

The Auditors, Messrs. Lodha & Co. retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

On behalf of the Board

Calcutta,
the 13th August, 1997

S. Bagaria
Chairman



TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

Forming part of Directors' Report for the year ended 31st March, 1997

A. TECHNOLOGY ABSORPTION

I. RESEARCH & DEVELOPMENT (R&D)

1. Specific Areas :

Research and Development activities have been concentrated in improving the efficiency of the existing range of products and development of value added products.

2. Benefits derived :

Successful development of value added products, consumer satisfaction and import substitution.

3. Future plan of action :

The Company plans to continue their programme for upgradation of technology for manufacture of equipment, product diversification and import substitution.

4. Expenditure on R & D :

	Rs. Lacs
a) Capital	-
b) Recurring	14.22
c) Total	14.22
d) Total R & D expenditure as a % of total turnover	0.56%

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made :

Apart from absorption of foreign technology for manufacture of various equipments, the Company also continue their programme for absorption of the technology for manufacture of parallel shaft and hollow shaft-mounted helical gear boxes, geared motors and electric motors.

2. Benefits derived :

The Company is catering the efficient and value added products to its consumers resulting in getting continued orders.

3. Imported Technology :

Technology imported	Year of import	Has Technology been fully absorbed?	If not absorbed, areas where this has not taken place, reasons thereof & future plans of action.
i) Sizer, Vibro Bar Sizer, Bar Sizer, Vibrating Feed Spreader	1992	Yes	N.A.
ii) Imp Mill, Vertical Mill, Flash Drying System, Mechanical Air Separators	1992	Yes	N.A.
iii) Geared Motor, Gear Box & Electric Motor	1993	Yes	N.A.
iv) Parallel Shaft and hollow Shaft-mounted Geared Motor, Gear Box & Electric Motor	1995	No	Under Implementation
v) VARIA Screening System, Polyurethane and Rubber Screen deck with special hardness and application	1996	No	Under Implementation

B. FOREIGN EXCHANGE EARNINGS & OUTGO :

The information of Foreign Exchange earnings and outgo are contained in Note Nos. (17) and (16) of Schedule 18(B) of Notes on Accounts.

Calcutta,
the 13th August, 1997

On behalf of the Board
S. Bagaria
Chairman


International Combustion (India) Limited
Annexure II
PARTICULARS OF EMPLOYEES

Forming part of the Directors' Report for the year ended 31st March, 1997

Name	Designation & Nature of Duties	Remuneration (Rs.)	Qualifications	Experience (Years)	Date of Commence- ment of Employment	Age (Years) Last Birthday	Last Employment
Banerjee R. N.	Sr. General Manager (Tech)	4,65,703	B.E. (Mech) M.I. Inst. (Welding)	28	2.11.1982	51	Indian Oxygen Ltd.
Barman A. J.	General Manager (Sales & Marketing)	3,38,246	B.E.E.	26	17.2.1986	47	Kirtoskar Elec. Co.
Chaudhuri A.	Sr. General Manager (Nagpur Division)	4,02,027	B.E. (Mech)	33	26.4.1982	56	Indian Oxygen Ltd.
Ghosh A. K.	Sr. General Manager (Bauer Division)	3,94,503	B.E. (Mech)	36	3.6.1992	57	New Allenbury Works
Saha S.	Vice President	4,76,531	B.E. (Met)	30	15.2.1967	52	First Employment
Saha S. C.	General Manager (Finance) & Secretary	3,80,043	M. Com., A. C. A. A.C.S.	26	12.1.1982	51	Scott & Saxby Ltd.
Sen I.	Managing Director	8,67,523	B.E. (Mech)	35	15.12.1971	57	Hooghly Docking & Eng Co Ltd.

- Notes :
1. Remuneration includes, inter alia, leave travel assistance, privilege leave encashment, Company's contribution to Provident, Superannuation and Gratuity Funds etc. wherever applicable, and also commission for Managing Director.
 2. All the above employees were employed throughout the financial year ended March 31, 1997. No employee who received remuneration exceeding Rs. 25,000/- per month was in the employment of the Company for part of the year.
 3. Nature of employment is contractual for all employees. Other terms and conditions are as per Company's rules.
 4. None of the above named employees is a relative of any Director of the Company.
 5. No employee of the Company came under the purview of the provisions of Section 217 (2A) (a) (iii) during the year.

 Calcutta,
the 13th August, 1997

 On behalf of the Board
S. Bagaria
 Chairman