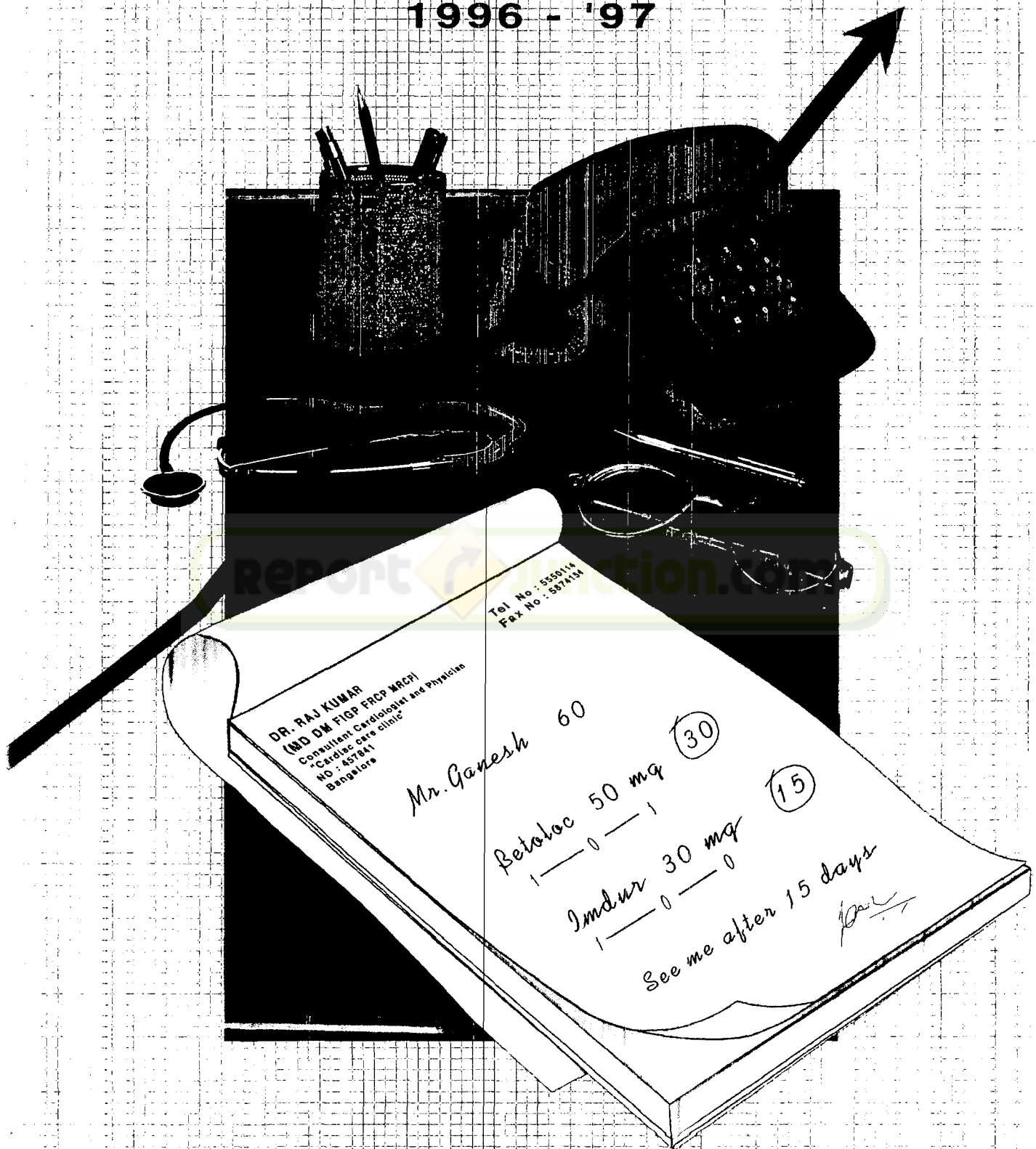


ANNUAL REPORT

1996 - '97



ASTRA-IDL

ANTI INFECTION



ASTRA PAIN CONTROL

НЭН ОО

Respiratory

6 KEY GROUPS

BOARD OF DIRECTORSS Ghosh, *Chairman Emeritus (upto 2.2.1997)*D E Udawadia, *Chairman*

S K Warrior

Dr E G Mahadevan

Dr Nitya Nand

B D Punjabi

K Gyllvik

Ola Vestin

P S Dasgupta

K N Venkatasubramanian (w.e.f. 18.6.1997)

A R Hegde, *Managing Director***Company Secretary**

B Gururaj

Senior Management Team

K S Ananthanarayanan

Vice President - Finance

R Melanta

Vice President - HR & Administration

Dr O P Madan

Vice President - Co-ordination

M H Narasimhan

Vice President - Marketing

U N Misra

General Manager - Operations

H N Sharat Chandra

General Manager - Materials & Exports

Dr V Subramoni Iyer

Controller - R&D and Chemicals Production

R K Bhat

Controller - Sales

R S V Rao

Controller - Planning & Production Services

K R P Shenoy

Controller - QA and Technical Services

Dr R S Nadig

*Controller - Medical Services***Bankers**

State Bank of India

ANZ Grindlays Bank

Canara Bank

Auditors

A.F. Ferguson & Co

Bangalore

MD	✓	BKC	✓
CS	✓	DPY	✓
RO	✓	DIV	✓
TRA	✓	AC	✓
AGM	✓	SHI	✓
YE	✓		

Legal Advisors

Udawadia, Udeshi, Desai, Berjis & Chinoy

Mumbai

Corporate & Registered Office

Crescent Towers

32/1-2, Crescent Road

Bangalore - 560 001

Registrars & Share Transfer Agents

Alpha Systems Private Limited

30/1, Leeman's Complex

III Floor, Cunningham Road

Bangalore - 560 052

Factory

12th Mile on Bellary Road

Kattigenahalli Village

Yelahanka

Bangalore - 560 063

Sales Outlets

Ahmedabad Hyderabad

Bangalore * Indore

Chennai Jaipur

Calcutta Lucknow

Cochin Mumbai *

Cuttack Patna

Delhi * Vijayawada

Guwahati

* Company outlets

NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of Astra-IDL Limited will be held at the Ball Room, Taj West End Hotel, Race Course Road, Bangalore 560 001, on Monday, September 29, 1997, at 3.00 p.m. to transact the following business:

- 1 To receive, consider and adopt the audited Balance Sheet as at March 31, 1997 and Profit & Loss Account for the year ended on 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. B D Punjabi, who retires by rotation and, being eligible, offers himself for reappointment.
- 4 To appoint a Director in place of Mr. Kaare Gyllvik, who retires by rotation and, being eligible, offers himself for reappointment.
- 5 To appoint Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.
- 6 To appoint a Director in place of Mr. K N Venkatasubramanian who was appointed an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, read with Article 116 of the Articles of Association of the Company but who is eligible for reappointment and in respect of whom the Company has received a Notice in writing from a member signifying his intention to propose Mr. K N Venkatasubramanian as a candidate for the office of Director.
- 7 To consider and, if thought fit, to pass, with

or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT subject to the provisions of Sections 269 and 310 read with Schedule XIII to the Companies Act, 1956 and other applicable provisions of the said Act, the increase in the remuneration payable to Mr. A R Hegde, Managing Director as set out in the draft Supplemental Agreement proposed to be entered into by the Company with Mr. A R Hegde placed before the meeting and initialled by the Chairman for the purpose of identification be and the same is hereby approved."

"AND RESOLVED THAT the Company Secretary be and is hereby authorised to take all steps necessary to give effect to the above resolution".

- 8 To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956, so long as the Company has a Wholetime and/or Managing Director, such sum by way of commission in no case exceeding in the aggregate 1% of the net profits of the Company computed in the manner laid in Section 198 of the Companies Act, 1956, for each of the five financial years of the Company commencing on and from 1st April, 1997, as may be determined by the Board of Directors be paid to and distributed amongst the Directors of the Company (including Alternate Directors but excluding Wholetime and/or Managing Director), the proportion and manner of such payment and distribution to be as the Board may from time to time decide."

"AND RESOLVED THAT if at any time during the aforesaid period of five years commencing on and from 1st April, 1997, the Company does not have a Wholetime and/or Managing Director, such sum by way of commission in no case exceeding in the aggregate 3% of the net profits of the Company, computed in the manner laid down in the said Section 198, as may be determined by the Board, be paid to and distributed amongst the Directors of the Company (including Alternate Directors) for the then residual unexpired part of the aforesaid period of five years, the proportion and manner of such payment and distribution to be as the Board may from time to time decide."

- 9 To consider and, if thought fit, to pass, with or without modification, the following

resolution as a Special Resolution :

"RESOLVED THAT the name "IDL INDUSTRIES LIMITED" be and is hereby substituted for the name "IDL CHEMICALS LIMITED" wherever presently occurring in the Company's Memorandum and Articles of Association."

**By Order of the Board of Directors
ASTRA-IDL LIMITED**

**B GURURAJ
COMPANY SECRETARY**

Bangalore

Date : 18th June, 1997

Regd. Office :

Crescent Towers

32/1-2, Crescent Road

Bangalore - 560 001

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NOTES

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
- 2 The Register of Members and Share Transfer Books of the Company shall remain closed from September 16, 1997 to September 29, 1997 (both days inclusive).
- 3 An explanatory statement under Section 173 of the Companies Act, 1956, in respect of the Special business at items 6, 7, 8 and 9 of the Notice is annexed hereto.
- 4 The dividend, if any, that may be declared at the Meeting will be paid on or before November 9, 1997 to those members, whose names appear in the Company's Register of Members as on September 29, 1997.
- 5 Members are requested to notify the change of address, if any, to the Company's Registrars and Share Transfer Agents, M/s. Alpha Systems Private Limited, 30/1, Leeman's Complex, III Floor, Cunningham Road, Bangalore - 560 052.
- 6 For the convenience of Members and for proper conduct of the meeting, entry to the place of meeting will be regulated by an Attendance Slip, which is annexed to the Proxy Form. Members are kindly requested to affix their signature at the place provided on the Attendance Slip and hand it over at the entrance.

- 7 Members holding more than one share certificate in different folios are requested to kindly apply for consolidation of share folios and send the relative share certificates to the Company's Registrars and Share Transfer Agents.
- 8 Members are requested to quote the Folio Numbers in all correspondence.
- 9 Members are requested to bring a copy of the Annual Report along with them to the Annual General Meeting since extra copies will not be supplied at the meeting.
- 10 Members may please note that unpaid/unclaimed Dividends in respect of Dividend for the years upto 1992-93 have been transferred to the General Revenue Account of the Central Government. Intimations have been sent to the Members concerned, pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

**By Order of the Board of Directors
ASTRA-IDL LIMITED**

**B GURURAJ
COMPANY SECRETARY**

Bangalore

Date : 18th June, 1997

Regd. Office :

Crescent Towers

32/1-2, Crescent Road

Bangalore - 560 001

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item 6

Mr. K N Venkatasubramanian was appointed an Additional Director of the Company by the Board of Directors with effect from June 18, 1997, pursuant to Section 260 of the Companies Act, 1956, read with Article 116 of the Articles of Association of the Company. Mr. K N Venkatasubramanian holds office upto the date of the forthcoming Annual General Meeting of the Company. A Notice in writing alongwith a deposit of Rs.500/- has been received from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. K N Venkatasubramanian, as a candidate for the office of Director.

Mr. K N Venkatasubramanian is a Chemical Engineer by qualification and has vast experience in the Corporate Sector and has held high offices in the Public Sector including as Chairman of Indian Oil Corporation. The Board considers that the appointment of Mr. K N Venkatasubramanian as Director will be beneficial to the Company.

Mr. K N Venkatasubramanian is interested in the Resolution at this item since it relates to his own appointment.

Item 7

Mr. A R Hegde was appointed Wholetime Executive Director for a period of one year from October 13, 1995 and as Managing Director of the Company for four years from the expiry of his tenure as Wholetime Executive Director.

The aforesaid appointment as also the terms of Mr. Hegde's remuneration were duly approved by the shareholders at the 17th Annual General

Meeting of the Company held on 17th September, 1996. The Company entered into an agreement with Mr. Hegde, setting out the terms and conditions of his appointment as Wholetime Executive Director and Managing Director as aforesaid.

At the Meeting of the Board of Directors held on 18th June, 1997, the Directors resolved, subject to approval of the shareholders in the general meeting, to increase the remuneration of Mr. Hegde as Managing Director effective 1st April, 1997 in the manner and to the extent set out in the draft of the Supplemental Agreement proposed to be entered into by the Company with Mr. Hegde and referred to in the resolution at item 7 of the Notice.

The material provisions of the draft Supplemental Agreement are as under :

Clause 5(i) of the Agreement between the Company and Mr. Hegde presently in force be replaced by the following new Clause 5(i).

"5 The Company shall pay to Mr. Hegde in consideration of the faithful and proper performance by him of his duties and functions:-

- (i) (a) a salary of Rs.60,000/- per month
- (b) such commission on the net profits of the Company not exceeding 50% of the annual salary drawn by Mr. Hegde for the time being as the Board of Directors may in its absolute discretion determine, subject, however, to a minimum annual commission of 25% of Mr. Hegde's annual salary for the time being."

The Directors consider the aforesaid increase in Mr. Hegde's remuneration to be fair and reasonable since there has been no increase in his remuneration for the past nearly two years after his appointment as Wholetime Executive Director of the Company and in view of the increase in his duties and responsibilities as Managing Director.

The approval of the shareholders is being sought to the aforesaid increase in Mr. Hegde's remuneration pursuant to Sections 269 and 310 read with Schedule XIII of the Companies Act, 1956.

Mr. Hegde is interested in the Resolution at item 7 of the Notice since it relates to him.

The draft Supplemental Agreement referred to in the Resolution will be open for inspection by the shareholders of the Company at its Registered Office between 10.00 a.m. and 12.00 noon on any working day except Saturday.

Item 8

At the 13th Annual General Meeting of the Company held on the 30th September, 1992, the shareholders granted consent, by a Special Resolution, to the payment of commission not exceeding 1% of the net profits of the Company for each of the five financial years commencing on and from 1st July, 1992, so long as the Company had a Managing Director and/or Wholtime Director and commission not exceeding 3% of the net profits of the Company in case there was no Managing Director and/or Wholtime Director at any time during the said period of five financial years.

The aforesaid Special Resolution ceased to be in force on 30th June, 1997. It is proposed to seek the approval of the shareholders afresh by a Special Resolution to the payment of commission to the Directors for a period of five financial years from 1st April, 1997, in the manner and to the extent set out in the text of the Special Resolution.

The Resolution is proposed as a Special Resolution having regard to Section 309(4) of the Companies Act, 1956.

All the Directors of the Company, save and except Mr. Hegde, the Managing Director, may be deemed to be interested in the Special Resolution to the extent of commission that may be determined to be payable to them.

Item 9

As the shareholders are aware, the Company was jointly promoted by Astra Pharmaceuticals Aktiebolag, Sweden, and IDL Chemicals Ltd., Hyderabad.

IDL Chemicals Ltd., changed its name to IDL Industries Ltd., with effect from 1st November, 1995.

The name IDL Chemicals Ltd., appears at several places in the Articles of Association of the Company. Consequently, it is proposed to amend the Memorandum and Articles of Association to effect the above change in the name wherever it occurs therein. The Resolution at item 9 is proposed as a Special Resolution in view of Section 31 of the Companies Act, 1956.

A copy of the Memorandum and Articles of Association of the Company will be open for inspection by the shareholders of the Company at its Registered Office between 10.00 a.m. and 12.00 noon on any working day except Saturday.

**By Order of the Board of Directors
ASTRA-IDL LIMITED**

B GURURAJ
COMPANY SECRETARY

Bangalore
Date : 18th June, 1997

Regd. Office :
Crescent Towers
32/1-2, Crescent Road
Bangalore - 560 001.

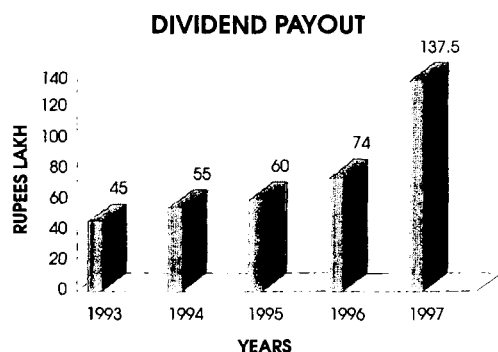
DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting their 18th Annual Report and Audited Accounts of the Company for the year ended 31st March, 1997.

FINANCIAL RESULTS

	(Rs. in Lakh)	
	1996-97	1995-96
Sales and Other Income	8,140	6,798
Profit Before Tax	1,203	881
Provision for Taxation	500	200
Net profit for the year	703	681
Surplus brought forward from the previous year	709	452
Transfers from Investment Allowance Utilised and Export Business Allowance Reserves	14	-
Total amount available for appropriation	1,426	1,133
Appropriation made by Directors		
Transfer to General Reserve	375	350
Appropriation recommended by Directors		
Dividend	137	74
Income Tax on Dividend	14	-
Surplus carried over	900	709

DIVIDEND

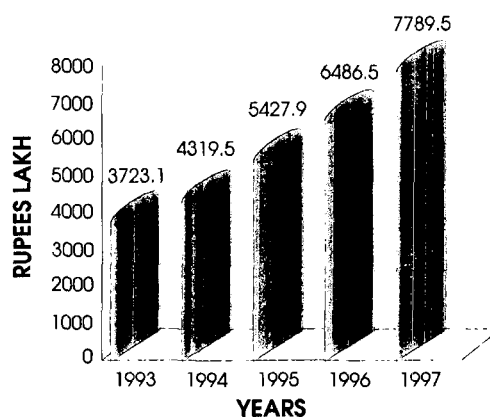


The Directors recommend payment of a Dividend of 27.5% (Rs. 2.75 per equity share of Rs. 10/- each), which, if approved by the Members at the Annual

General Meeting will absorb Rs.137.5 lakh (previous year Rs.74.11 lakh) (excluding income tax on dividend amounting to Rs. 13.75 lakh).

OPERATIONS

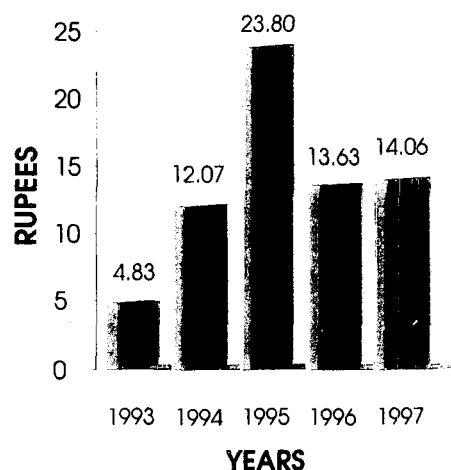
COMPANY SALES



The Company's sales increased from Rs.6,486 lakh to Rs.7,790 lakh. Domestic sales increased from Rs.5,870 lakh to Rs.7,589 lakh registering a healthy growth of 29% over the previous year.

EARNINGS PER SHARE

1996 and 1997 are post-bonus

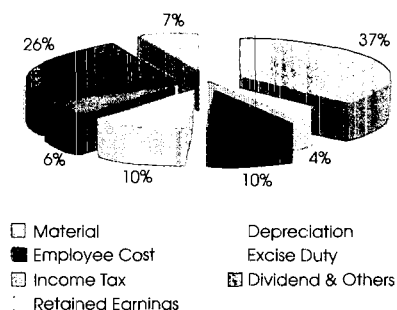


This was made possible by strategizing and implementing an aggressive marketing plan coupled with timely introduction of appropriate new products.

All the products introduced over the last three years have registered healthy improvement.

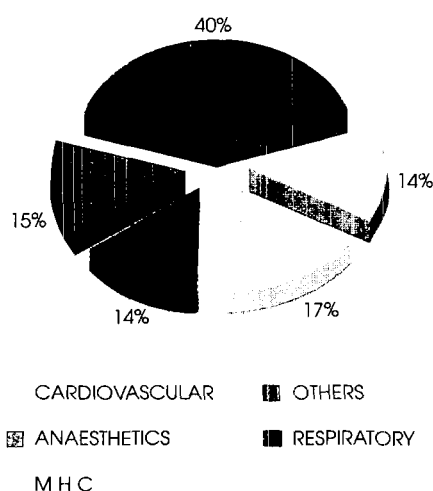
The major growth areas were Maternal Health Care products (76%), Cough (35%), Pain Control (16%) and Cardiovascular (100% in the last two years). These are the core areas of the Company's business and the sustained focus thereon has resulted in a significant increase in turnover.

DISTRIBUTION OF GROSS REVENUE



The Company continues to pursue a high level of ethical promotion through dissemination of scientific information both in the market place and medical fraternity. The Company's manufacturing facilities have been further augmented and upgraded to enhance quality levels and meet the increased market requirements through improved production and productivity norms.

GROUP-WISE SALE

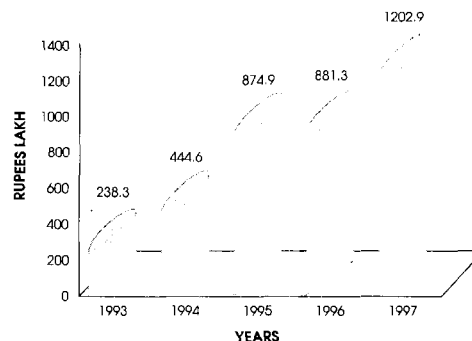


Members will be happy to know that the Company was adjudged the 'Best Pharmaceutical Company' for quality and was awarded the prestigious "IDMA - Quality Award"

amongst all pharmaceutical companies with an annual turnover in excess of Rs. 15 crore.

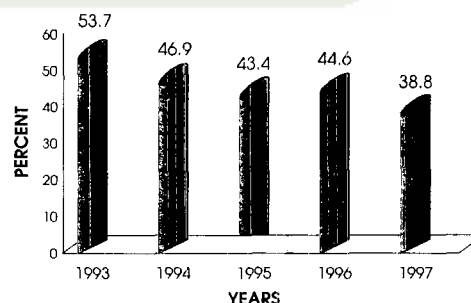
Profit Before Tax as a percentage of sales improved from 13.6% to 15.4% primarily due to strict monitoring of inventory, improved receivable turns, astute working capital management and overall cost containment.

PROFIT BEFORE TAX



Material cost as a percentage of sales was reduced from 45% to 39% in the year under review despite inflationary trends on account of increase in petroleum prices through innovative import substitutions of some materials and improved yields.

MATERIAL COST AS A % OF SALES



EXPORTS

The Company's exports were lower compared to the previous year. This was due to significant delays in the placement of orders for Clofazimine – a leprosy eradication drug – on the Company. The situation has since been largely rectified. The Company's exports are expected to improve during the next financial year. The Company presently enjoys nearly 50% of the global market share of Clofazimine.