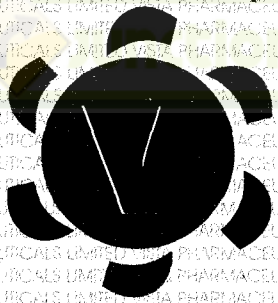


12th Annual Report 2002-2003



VISTA

VISTA PHARMACEUTICALS LIMITED

VISTA PHARMACEUTICALS LIMITED

BOARD OF DIRECTORS

Dr. Dhananjaya Alli	Managing Director
Dr. Stanley Prabhakar Reddy	Director
Sri. Dez Moneesh Desai	Director
Sri. M.H. Rao	Director
Sri. B.V.S. Prakasa Rao	Director
Sri. Y.V. Rao	Director
Sri. M. Satya Prasada Rao	Director

AUDITORS

M/s. PRV Associates
3-6-203, Himayatnagar,
Hyderabad - 500 029.

BANKERS

State Bank of Hyderabad
Industrial Finance Branch,
Punjagutta, Hyderabad.

Canara Bank
Somajiguda Branch,
Hyderabad.

Citi Bank, N.A.
Pulla Reddy Building,
Begumpet, Hyderabad.

CORPORATE OFFICE

7-1-212/A/70, 1st Floor, Plot No. 85.
Shivbagh, Ameerpet, Hyderabad - 500 016.

REGD. OFFICE & FACTORY

APIIC Industrial Estate,
Gopalaipalli Village,
Nalgonda District,
Andhra Pradesh.

DEMAT REGISTRARS

Venture Capital & Corporate Investments Ltd.
Progressive Towers,
Khairatabad, Hyderabad - 500 004.

Request to Members

Members are requested to bring their copies of Annual Report to the meeting.

Members are requested to avoid being accompanied by non-members and/or children.

Members/bodies corporate/proxies should bring the attendance slip duly filled-in for attending the meeting.

Members desiring any information with regards to accounts are requested to write to the Company at least 7 days before the meeting so as to enable the management to keep the information ready.

Gifts will not be distributed at the meeting.

VISTA PHARMACEUTICALS LIMITED

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of Vista Pharmaceuticals Limited will be held on Saturday the 27th day of September, 2003 at the Registered Office of the Company at Plot Nos. 10 to 14 and 16 to 20, APIIC Industrial Estate, Chityal, Gopalaipalli Village, Narketpalli Mandal, Nalgonda District, Andhra Pradesh at 10.00 A.M to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Profit and Loss Account for the year ended 31st March, 2003 and the Balance Sheet as at that date together with the reports of the Auditors and of the Directors thereon.
2. To appoint a Director in place of Sri. M. Satya Prasada Rao who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in Place of Sri Y.V. Rao who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and appoint M/s P R V Associates, Chartered Accountants as Statutory Auditors of the Company to hold office until the conclusion of next Annual General Meeting at such remuneration as may be decided by the Board of Directors.
5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased, from Rs.8,00,00,000 (Rupees Eight Crore only) divided into 80,00,000 (Eighty Lakh) Equity Shares of Rs.10/- each to Rs.10,00,00,000 (Rupees Ten

Crore only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs.10/- each by creation of 20,00,000 (Twenty Lakh) Equity Shares of Rs.10/-(Rupees Ten) each which shall rank pari passu with the existing equity shares of the Company as respect to dividend and other entitlements."

"FURTHER RESOLVED THAT sub-clause (a) of Clause V of the Memorandum of Association be and is hereby replaced by the following clause:

The authorized share capital of the Company is Rs.10,00,00,000 (Rupees Ten Crore only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs.10/-(Rupees Ten) each with power of the Company to consolidate & convert, subdivide, reduce or increase the Capital and to issue any new share with any preferential or special rights and conditions attached there to subject to the Companies Act, 1956.

SPECIAL BUSINESS :

1. To consider and if thought fit, to pass with or without modification(s) the following resolutions as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Regulation No.4 of the Articles of Association of the Company be and is hereby altered by substituting the following:

- a. The Authorised Share Capital of the Company is as per Clause V of Memorandum of Association of the Company.
- b. The Company shall have power to increase or reduce, consolidate or subdivide the capital for the time being into several classes and to issue thereto respectively such preferential, deferred or special rights, privileges or conditions as may be determined

VISTA PHARMACEUTICALS LIMITED

by or in accordance with Articles and to vary, modify, abrogate such rights, privileges or conditions in such manner or as may for the time being be provided by these Articles. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting.

2. To consider and if thought fit, to pass with or without modification(s) the following resolutions as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of the Memorandum and Articles of Association of the Company and of the subsisting guidelines / regulations prescribed by the Government of India / Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) or any other relevant authority to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be stipulated by any of them while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee (s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) be and are hereby authorized on behalf of the Company to issue, offer and allot 3,52,907 (Three Lakh Fifty Two Thousand Nine Hundred and Seven) fully convertible warrants with an option to convert each one of them into one equity share of within eighteen months at a conversion price of Rs.10/- (Rupees Ten only) which is higher than the price calculated by the Board and is in accordance with the subsisting SEBI guidelines in this behalf, on preferential basis to Vista Pharmaceuticals Inc.

"FURTHER RESOLVED THAT the equity shares allotted on conversion of the warrants shall in all respects rank pari passu with the existing equity shares of the Company except that unless otherwise specified by the Board at the time of issue and allotment of convertible warrants with regard to any dividend in respect of Company's financial year in which these warrants are converted, they shall be eligible for pro-rata dividend, if any, on the amount actually paid upon them and proportionate to the period beginning from the date of their conversion."

"FURTHER RESOLVED THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to take all such actions and to give all such directions as may be necessary or desired and to accept any modifications in the above proposal as may be required by the authorities involved in such issues and also to settle any questions or difficulties that may arise in regard to the offer, issue and allotment of equity shares and further to do all such acts and execute such deeds, documents and writing in connection with the issue of equity shares, entering into such other agreements and arrangements as may be necessary."

3. To consider and if thought fit, to pass with or without modification(s) the following resolutions as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the provisions of the Memorandum and Articles of Association of the Company and of the subsisting guidelines / regulations prescribed by the Government of India / Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) or any other relevant authority to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be stipulated by any of them while granting such approvals,

VISTA PHARMACEUTICALS LIMITED

consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee (s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) be and are hereby authorized on behalf of the Company to issue, offer and allot right shares to the existing shareholders of the Company on such terms and conditions as the Board of Directors may deem fit."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to allot the shares on the basis of the applications received as a result of the offers from the existing equity shareholders of the Company and to allot the shares remaining un accepted to the promoters of the Company in such proportion as the Board may deem fit."

"FURTHER RESOLVED THAT the equity shares allotted on right basis shall in all respects rank pari passu with the existing equity shares of the Company except that unless otherwise specified by the Board at the time of issue and allotment of convertible warrants with regard to any dividend in respect of Company's financial year in which these warrants are converted, they shall be eligible for pro-rata dividend, if any, on the amount actually paid upon them and proportionate to the period beginning from the date of their conversion."

"FURTHER RESOLVED THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to take all such actions and to give all such directions as may be necessary or desired and to accept any modifications in the above proposal as may be required by the authorities involved in such issues and also to settle any questions or difficulties that may arise in regard to the offer, issue and allotment of equity shares and further to do all such acts and execute such deeds, documents and writing in

connection with the issue of equity shares, entering into such other agreements and arrangements as may be necessary."

By Order of the Board of Directors
For VISTA PHARMACEUTICALS LIMITED

Dr. DHANANJAYA ALLI
Managing Director

Place : NJ, USA

Date : 27.08.2003

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 such proxy need not be a member of the Company. The proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will be remain closed from 25.09.2003 to 27.09.2003 (both days inclusive).
3. The members are requested to intimate immediately any change in their address registered with the Company.
4. As a measure of economy copies of the Annual Reports are not being distributed at the Annual General Meeting.

By Order of the Board of Directors
For VISTA PHARMACEUTICALS LIMITED

Dr. DHANANJAYA ALLI
Managing Director

Place : NJ, USA

Date : 27.08.2003

VISTA PHARMACEUTICALS LIMITED**EXPLANATORY STATEMENT****AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956:****ITEM NO. 1:**

The management of the Company is proposing to issue fully convertible warrants on preferential basis to promoters. The Company is also proposing to issue equity shares on rights basis to the existing shareholders to meet the working capital requirements and to update the facilities for Business expansion.

The present authorized capital of the Company is Rs.8,00,00,000/- and it is proposed to increase the same to Rs.10,00,00,000/- for infusing the funds required for aforesaid purposes.

Amendment to the Capital Clause to the Memorandum of Association requires the approval of members by the way of Ordinary Resolution. Hence this resolution is placed before you for approval.

None of the Directors is interested in this resolution.

ITEM NO. 2:

Increase in the authorized capital requires the amendment of the capital clause of the Articles of Association.

Amendment to the Articles of Association of the Company requires the approval of members by the way of Special Resolution. Hence this resolution is placed before you for approval.

None of the Directors is interested in this resolution.

ITEM NO. 3:

Your Company is proposing to offer and issue 3,52,907 fully convertible warrants on preferential basis to Vista Pharmaceuticals Inc., convertible into one equity share within eighteen months at a conversion price of Rs.10/-.

As per regulation 13.1A of SEBI (Disclosure and Investor Protection) Guidelines, 2000 are required details are furnished as under:

1. Object of the Issue:

The object of the present issue of fully Convertible Warrants on preferential basis is to meet the working capital requirements of your Company and to update the facilities for Business expansion.

2. Pricing:

The fully convertible warrants to be issued on preferential basis shall be at a conversion price of Rs.10/- (Rupees Ten only), which is higher than the price calculated in accordance with regulation 13.1.1.1 of SEBI Guidelines for preferential issue of convertible warrants.

3. Intention of Promoters / Directors / Key Management persons to subscribe to the offer:

The Promoters / Directors / Key Management person have the intention to subscribe for the issue.

4. Relevant Date:

"Relevant Date" for this purpose is the date 30 days prior to the date of this meeting of the members of the Company, i.e., 25th August, 2003.

VISTA PHARMACEUTICALS LIMITED**5. Shareholding Pattern of the Company before and after the issue:**

The pattern of shareholding before and the one likely to emerge after the proposed allotment would be as under:

PARTICULARS	BEFORE CONVERSION		AFTER CONVERSION	
	No. of Shares	Percentage of holding	No. of Shares	Percentage of holding
Promoters Group	2944438	43.91	3297345	46.72
NRI's/FII's/OCB's	490600	7.32	490600	6.95
Mutual Funds and UTI	11800	0.17	11800	0.17
Bank's, Financial Institutions, Insurance Companies	127300	1.90	127300	1.80
Private Bodies Corporate	60800	0.91	60800	0.86
Trusts	-	-	-	-
General Public	3070300	45.79	3070300	43.50
Total	6705238	100.00	7058145	100.00

After the conversion of the warrants into equity shares, the promoters and associates holding will be increased to 46.72%

6. The identity of the proposed allottees and the percentage of the preferential issue that may be held by them:

Name of the Party	Warrants to be allotted in the present issue	Pre-conversion holding	Post-conversion holding	Percentage to Equity
Vista Pharmaceuticals Inc., - Fully Convertible Warrants	352907	2372969	2725876	38.62

VISTA PHARMACEUTICALS LIMITED

7. Auditor's Certificate:

A certificate, as required under SEBI Guidelines, certifying that the proposed issue is in accordance with the said Guidelines has been obtained from the Auditors of the Company and will be available for inspection seven days prior to the date of Annual General Meeting at the Registered Office of the Company between 2.00 p. m. to 4.00 p. m. on any working day.

Company with various Stock Exchanges where the Company's Equity Shares are listed and the provisions of Section 81 (1A) of the Companies Act, 1956 provide inter alia that where a Company proposing to make any issue and allotment of further shares, such shares shall be first offered to the existing shareholders of the Company for subscription in proportion to their shareholding, unless the shareholders decide otherwise in a general meeting by a Special Resolution.

8. Lock - in:

The Fully Convertible Warrants to be allotted on preferential basis shall be subject to lock-in as per applicable SEBI Guidelines in this behalf.

As it is proposed to issue the fully convertible warrants to the promoters on preferential basis, the above resolution is required to be passed. Hence this resolution is placed before you for approval.

9. Terms of Issue of Convertible Warrants:

The Fully Convertible Warrants shall be converted into Equity Shares after a period of eighteen months and the investor has the option for exercising his right for conversion of the warrants into shares. 10% of the price should be paid on the date of allotment of the said warrants.

None of the Directors of the Company is concerned or interested except to the extent of their shareholding.

ITEM NO. 4:

The management is considering the expansion of the operations of the Company.

The Fully Convertible Warrants shall be forfeited, if the warrant holder fails to exercise his option of conversion into equity after eighteen months from the date of allotment of the said warrants.

The Company requires huge funds to update the facilities for Business expansion as well as for meeting the working capital requirements.

10. Change in Management:

The conversion of fully convertible warrants after the end of one year as aforesaid will not result in any change in the management or control of the Company.

The management is proposing to make an issue on right basis to the existing shareholders on such terms and conditions as the Board of Directors in their absolute discretion deem fit to meet the requirements of the funds.

The Company is taking necessary steps to obtain the requisite approvals from regulatory agencies, as may be applicable, for the proposed investment.

Issue of further shares on right basis to the existing shareholders requires the approval of members by way of special resolution. Hence this resolution is placed before you for approval.

The listing agreement entered into by the

None of the Directors of the Company is concerned or interested except to the extent of their shareholding.

VISTA PHARMACEUTICALS LIMITED**DIRECTORS' REPORT**

To
The Members,
Vista Pharmaceuticals Limited,

Your Directors present the Twelfth Annual Report together with the Audited Accounts for the year ended 31st March 2003 along with the Auditors Report thereon.

FINANCIAL RESULTS:

The financial results during 2002-2003 are as under:

	2002-2003 Rs.	2001-2002 Rs.
Income	1,38,25,823	1,05,25,102
Expenditure	3,86,03,546	3,10,44,674
Depreciation	28,18,021	28,29,148
Profit/Loss for the year	(-) 2,75,95,744	(-) 2,33,48,720
Preliminary Expenses written off	3,26,416	3,26,416
Differed Revenue Expenses written off	1,50,000	1,50,000
Loss Brought forward	(-) 10,85,23,725	(-) 8,49,64,659
Prior period adjustments	1,43,05,772	2,66,070
Loss Carried forward	(-) 15,09,01,657	(-) 10,85,23,725

PROSPECTS FOR THE COMPANY

Your Company has exported Rs.137.80 lakhs worth of pharmaceuticals to US during the financial year 2002-03. Projected sales for the financial year 2003-04 are Rs.175 lakhs. These projected sales will be greatly influenced by the US economy during the financial year 2003-04.

Some of the following products are currently in the US market : (1) Isoxsuprine HCl, (2) Phenylpropanolamine HCl, (3) Diphenhydramine HCl, (4) Bisacodyl, (5) Phenylbutazone and (6) Acetaminophen & combination products.

Your Company will enter into the following markets shortly : Bolivia, Chile, Peru, Haiti, El Salvador, Turkey and Vietnam.

DEPOSITS:

Your Company has not invited / accepted any fixed deposits from the public during the year under review within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

CORPORATE GOVERNANCE :

The report on Corporate Governance as required under Clause 49 of the Listing Agreement is annexed to this report.

VISTA PHARMACEUTICALS LIMITED

TECHNOLOGY ABSORPTION, ENERGY CONSERVATION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed to this Report.

PERSONNEL:

During the year under review, the relations with employees were cordial. There were no employees drawing remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

SAFETY MEASURES :

Your Company strictly follows the safety measures and all the assets of your Company are insured.

DIRECTORS :

Sri. M. Satya Prasada Rao and Sri. Y.V. Rao, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

Sri K.V. Rao, Nominee of APIDC has been withdrawn from the Board by APIDC. The Board places a record of appreciation for the services rendered by him during his tenure as Director of the Company.

DIRECTORS RESPONSIBILITY STATEMENT:

In pursuance to the provisions of Section 217 (2AA) of the Companies Act, 1956 the Board of Directors states that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure.
2. The Directors have adopted such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the Annual Accounts on a going concern basis.

AUDITORS :

M/s. PRV Associates, Chartered Accountants, Statutory Auditors of your Company hold office till the conclusion of the Twelfth Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their reappointment.

REPLY TO AUDIT OBSERVATIONS:

P.F. & E.S.I.:

The Company was late in few days of the due date in the payment of P.F. & E.S.I. a couple of times, however as on date there are no dues in such payments.