

# **13th Annual Report 2003-04**



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## **VISTA**

# **VISTA PHARMACEUTICALS LIMITED**

## **VISTA PHARMACEUTICALS LIMITED**

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### **BOARD OF DIRECTORS**

<b>Dr. Dhananjaya Alli</b>	Managing Director
<b>Dr. Stanley Prabhakar Reddy</b>	Director
<b>Shri M.H. Rao</b>	Director
<b>Shri B.V.S. Prakasa Rao</b>	Director
<b>Shri Y.V. Rao</b>	Director
<b>Shri G. Narendra</b>	Director

### **CORPORATE OFFICE**

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

### **REGD. OFFICE & FACTORY**

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

## VISTA PHARMACEUTICALS LIMITED

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### AUDITORS

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

### BANKERS

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

**State Bank of Hyderabad**  
Chityal Branch,  
Chityal, Nalgonda Dist.

**Canara Bank**  
Somajiguda Branch,  
Hyderabad.

**Citi Bank N.A.**  
Pulla Reddy Buildings,  
Begumpet, Hyderabad.

### 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.

### SHARE TRANSFER AGENTS & DEMAT REGISTRARS

M/s. Aarthi Consultants Private Ltd.,  
H.No. 1-2-285 Domalguda,  
Hyderabad - 500 029.

## VISTA PHARMACEUTICALS LIMITED

### NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of Vista Pharmaceuticals Limited will be held on Thursday the 30<sup>th</sup> day of September, 2004 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 11.00 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 31<sup>st</sup> March, 2004 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. H. Rao who retires by rotation and being eligible offers himself for re-appointment.
3. 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.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Sri G. Narendra, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and

310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government and subject to such approvals as may be required from time to time Dr. Dhananjaya Alli be and is hereby re-appointed as Managing Director of the Company with effect from 01.12.2004 for a further period of 3 years at a remuneration of US\$ 2,500 per month."

6. To consider and if thought fit, to pass with or without modification(s) the following resolution 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, subject to the approval of members in the general meeting 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 3,71,481 (Three Lakh Seventy One Thousand Four Hundred and Eighty One) fully convertible warrants with an option to convert each one of them into one equity share 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."

**VISTA PHARMACEUTICALS LIMITED**

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"FURTHER RESOLVED THAT the equity shares allotted on conversion of the warrants shall in all respects rank pari pasu 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 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 fully convertible warrants and further to do all such acts and execute such deeds, documents and writing in connection with the issue of fully convertible warrants, entering into such other agreements and arrangements as may be necessary."

7. To consider and if thought fit, to pass with or without modification(s) the following resolution 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 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 unaccepted 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 pasu with the existing equity shares of the Company except that unless otherwise specified by the Board at the time of issue and allotment of right shares with regard to any dividend in respect of Company's financial year in which these shares are allotted, 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 allotment."

"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

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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."

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

"RESOLVED THAT the Equity Shares of the Company be de-listed from The Hyderabad Stock Exchange Limited in accordance with the provisions of Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003 and relevant laws, rules, regulations and guidelines (including statutory modification (s) or re-enactment (s) thereof for the time being in force and as may be enacted thereafter) and subject to such approvals, permissions and sanctions from such authorities for compliance with such conditions and modifications as may be necessary for this purpose."

"FURTHER RESOLVED THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred by this resolution), be and is hereby authorized to seek voluntary de-listing at such time as they may, in the absolute discretion, consider appropriate on the terms and conditions as may be stipulated and mutually agreed to in the best interests of the Company, to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may deem necessary, proper or desirable and to settle any questions, doubts or issues that may arise in regard to de-listing of the equity shares and to execute all such deeds, documents, writings as may be necessary, desirable or expedient and for this purpose

to delegate the authority and the duty vested in it to Mr. G. Narendra, Director to do the various acts and things required to be done in this behalf."

By order of the Board of Directors  
For VISTA PHARMACEUTICALS LIMITED

**Dr. DHANANJAYA ALLI**  
Managing Director

Place: NJ, USA  
Date: 14.08.2004

**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 remained closed from 28.09.2004 to 30.09.2004 (both days inclusive).
3. The Shareholders 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. Members are requested to bring the copy of the Annual Report to the Meeting.

By order of the Board of Directors  
For VISTA PHARMACEUTICALS LIMITED

**Dr. DHANANJAYA ALLI**  
Managing Director

Place: NJ, USA  
Date: 14.08.2004



**VISTA PHARMACEUTICALS LIMITED****EXPLANATORY STATEMENT  
AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 4:**

During the year Sri G. Narendra was appointed as Additional Director of the Company. Pursuant to the provisions of Section 260 of the Companies Act, 1956, the aforesaid director holds office upto the date of this Annual General Meeting. The Company has received notice along with a deposit of Rs.500/- in terms of Section 257 of the Companies Act 1956 from a member signifying his intention to propose Sri G. Narendra for appointment as Director of the Company. The Board is of the opinion that the continuation of the Sri G. Narendra as Director would be in the interest of the Company and accordingly recommends his appointment.

None of the Directors of the Company except Sri. G. Narendra is concerned or interested in the said resolution.

with effect from 01.12.1994 and the appointment was approved by the members in the Extra Ordinary General Meeting held on 15.11.1994 for a period of 5 years after obtaining the approval of Central Government as required under Schedule XIII to the Companies Act, 1956.

He was re-appointed as the Managing Director of the Company in the year 1999 and the appointment was approved by the members of the Company in the Extra Ordinary General Meeting held on 30.11.1999.

The term of office of Dr. Dhananjaya Alli as Managing Director of the Company ceases on 30.11.2004 and considering the services rendered by him, it is proposed to re appoint him as the Managing Director of the Company for a further period of 3 years with effect from 01.12.2004 at a remuneration of US\$ 2,500 per month.

**ITEM NO. 5:**

Dr. Dhananjaya Alli was appointed as Managing Director of the Company for a period of 5 years

Re-appointment of Managing Director requires the approval of members by way of Special Resolution. Hence this resolution is placed before you for approval.

Information as required under Part II of Section II of Schedule XIII to the Companies Act, 1956.

**I. GENERAL INFORMATION:**

1.	Nature of Industry	Pharmaceutical Manufacturing
2.	Date of commencement of commercial production	21.03.1995
3.	Financial performance based on given indicators	The financial year 2003-04 of the Company ended with cash loss of Rs. 35.53 lacs as against cash loss of Rs. 29.05 lacs in the previous financial year. Further during that year, after recognizing depreciation and amortization expenses amounting to Rs. 30.33 lacs, interest incurred on secured loans amounting to Rs. 243.94 lacs, the Company registered net loss amounting to Rs. 309.80 lacs as compared to the loss of Rs. 423.78 lacs in the previous financial year.
4.	Export performance and net foreign exchange collaborations	The Company has fulfilled its export obligation for the financial year 2003 – 2004 fixed by Development Commissioner of VSEZ as a 100% EOU.
5.	Foreign investments of collaborators, if any	NIL

**VISTA PHARMACEUTICALS LIMITED****INFORMATION ABOUT THE APPOINTEE:**

1.	Background Details	Dr. Dhananjaya Alli is a qualified Pharmacist having done his M. Sc. (Pharmacy) from Andhra University, M.S. (Chemistry) from the Stevens Institute of Technology, New Jersey, USA., and Ph.D. (Industrial Pharmacy) from St. John's University, New York, USA. He started his career with Union Carbide, India in 1973 as a Chemist and joined Faraday Laboratories Inc., New Jersey, USA in 1975. During 1978, he moved to Berlex Labs, New Jersey, USA, as Chemist and was elevated to the position of Pharmacist in 1984. Later he was associated with Warner Lambert, New Jersey, USA as Chief of Formulation and Process Development and is presently associated as a consultant to various industries in USA. In all he has over 17 years of industrial experience in the Pharmaceutical line in the USA before incorporating Vista in India.
2.	Past remuneration	US\$ 2,500 as fixed by the Department of Company Affairs while according its approval in the year 1994
3.	Recognition or Awards	Dr. Dhananjaya Alli has several patents and publications to his credit in leading international pharmaceutical journals.
4.	Job profile and his suitability	Overall supervision of the functioning of the Company, overseas marketing of the Company's products, Research & Development, implementation of the formulations project, liaison with US Food and Drugs Administration, implementation of Quality Control standards.
5.	Remuneration proposed	US\$ 2,500 equivalent to Rs.1,15,000/- (approximately)
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	US \$ 3,500 per month
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	No other relationship except investment.



**VISTA PHARMACEUTICALS LIMITED****III. OTHER INFORMATION:**

1.	Reasons of loss or inadequate profits	<p>The following are the reasons for loss of the Company:</p> <ol style="list-style-type: none"> <li>1. Absence of working capital limits from Banks or Financial Institutions. Due to this reason, Vista lost 5-7 crores worth of business per year and the contracts for 3-5 year period couldn't be signed due to lack of working capital.</li> <li>2. Import and non installation and non utilization of Fluid Bed Granulator.</li> <li>3. Monetary and financial changes in the world markets, in particular, in the pharmaceutical sector made the situation ever worse.</li> <li>4. Meanwhile most of the countries came up with registration and product approval processes. The approval processes in these countries take from 18 months to 36 months time with considerable amounts of application fees.</li> <li>5. These regulations required Vista to do additional R&amp;D work which was time consuming as well as strain on company's depleted finances.</li> <li>6. Frequent changes in 100% EOU's policies by the Government of India, which did not make it feasible for Vista to supply in the domestic market because of the heavy-duty element.</li> </ol>
2.	Steps taken or proposed to be taken for improvement	<ol style="list-style-type: none"> <li>1. Promoters were able to mobilize some funds over the time to sustain the company operations, as well as to do some of the R&amp;D studies on the products that are to be exported.</li> <li>2. Some products are registered with USFDA and some products are registered with USA as well as with other countries and waiting for the approvals.</li> </ol>
3.	Expected increase in productivity and profits in measurable terms	In the next 2 to 3 years, the productivity will increase to 50-70% of the capacity and the profits will be in crores.

None of the Directors other than Dr. Dhananjaya Alli is concerned or interested in the said resolution.

## VISTA PHARMACEUTICALS LIMITED

### ITEM NO. 6:

Your Company is proposing to offer and issue 3,71,481 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 the 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 persons have no intension 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., 28.08.2004.

#### 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	
Category	No. of Shares	% of holding	No. of Shares	% of holding
Promoters Group	32,94,745	46.68	36,66,226	49.35
NRI's/FII's/OCB's	4,84,800	6.87	4,84,800	6.52
Mutual Funds and UTI	10,700	0.15	10,700	0.15
Bank's, Financial Institutions, Insurance Companies	57,100	0.81	57,100	0.77
Private Bodies Corporate	1,27,019	1.80	1,27,019	1.71
Trusts	-	-	-	-
General Public	30,83,781	43.69	30,83,781	41.50
<b>Total</b>	<b>70,58,145</b>	<b>100.00</b>	<b>74,29,626</b>	<b>100.00</b>

After conversion of the warrants into equity shares, the promoters and associates holding will be increased to 49.35%.

#### 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., USA	3,71,481	27,25,976	30,97,457	41.69