

# VISTA PHARMACEUTICALS LIMITED



15<sup>th</sup>  
Annual Report  
2005-2006

## **VISTA PHARMACEUTICALS LIMITED**

---

### **BOARD OF DIRECTORS**

<b>Dr. Dhananjaya Alli</b>	Managing Director
<b>Dr. Stanley Prabhakar Reddy</b>	Director
<b>Sri G. Narendra</b>	Director
<b>Sri Y.V. Rao</b>	Director
<b>Sri M.H. Rao</b>	Director
<b>Sri B.V.S. Prakasa Rao</b>	Director
<b>Smt. Vani Vatti</b>	Director
<b>Sri K. Rajendra Prasad</b>	Director (APIDC Nominee)

### **CORPORATE OFFICE**

7-1-212/A/70

1<sup>st</sup> Floor, Plot No. 85

Shivbagh, Ameerpet

Hyderabad - 500 016

Ph.No. 040-65581585

Fax No. 040-23741585

E-mail: [vistapharmahyd@rediffmail.com](mailto:vistapharmahyd@rediffmail.com)

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

APIIC Industrial Estate

Gopalaipalli Village

Narketpally Mandal

Nalgonda District

Andhra Pradesh

Ph.No. 08682-272551

Fax No. 08682-272552

E-mail: [vistapharmankp@hotmail.com](mailto:vistapharmankp@hotmail.com)

## **VISTA PHARMACEUTICALS LIMITED**

---

### **AUDITORS**

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

### **BANKERS**

#### **State Bank of India**

Balkampet Branch  
Hyderabad - 500 038

#### **State Bank of Hyderabad**

Industrial Finance Branch  
Punjagutta, Hyderabad - 500 482

#### **Canara Bank**

Somajiguda Branch  
Hyderabad - 500 482

#### **Citi Bank N.A.**

Pulla Reddy Buildings  
Begumpet, Hyderabad - 500 016

### **SHARE TRANSFER AGENTS & DEMAT REGISTRARS**

#### **M/s. Aarthi Consultants Private Limited**

H.No. 1-2-285, Domalguda  
Hyderabad - 500 029  
Ph.Nos. 040-27634445 / 27638111 / 27642217  
Fax No. 040-27632184  
E-mail: hyd2\_aarcons@sancharnet.in

**VISTA PHARMACEUTICALS LIMITED****NOTICE:**

NOTICE is hereby given that the **15<sup>th</sup> Annual General Meeting** of the Members of the Company will be held on **Wednesday, the 8<sup>th</sup> of November, 2006** at 11.30 A.M. at the Registered Office of the Company, APIIC Industrial Estate, Gopalaipalli Village, Narketpally Mandal, Nalgonda District, Andhra Pradesh.

**ORDINARY BUSINESS**

1. To receive, consider and adopt Audited Profit and Loss Account for the year ended **31<sup>st</sup> March, 2006** and Balance Sheet as on that date and the report of Auditors' and Directors' thereon.
2. To appoint a Director in Place of Sri G.Narendra 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 if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to section 224 and other applicable provisions of the Companies Act, 1956 **M/s PRV Associates, Chartered Accountants**, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting, at such remuneration as may be determined by the Board of Directors of the Company".

By order of the Board of Directors  
**For VISTA PHARMACEUTICALS LIMITED**

**Dr. DHANANJAYA ALLI**  
Managing Director

Place: Hyderabad  
Date : 04.10.2006

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND SUCH 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 COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will be remain closed from 03.11.2006 to 08.11.2006 (both days inclusive).
3. The Shareholders are requested to intimate immediately any change in their address registered with the Company.

**VISTA PHARMACEUTICALS LIMITED****DIRECTORS' REPORT**

To

**The Members,  
Vista Pharmaceuticals Limited,**

Your Directors hereby present the Fifteenth Annual Report together with the Audited Statements of Account for the year ended 31st March, 2006.

**FINANCIAL RESULTS:**

	<b>2005 – 2006</b>	<b>2004 – 2005</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Income	<b>18,04,96,603</b>	1,03,25,806
Expenditure	<b>1,50,93,494</b>	4,15,20,209
Depreciation	<b>26,56,621</b>	26,08,075
Profit/(Loss) for the year	<b>16,27,46,488</b>	(-) 3,38,02,478
Preliminary Expenses written off	-	-
(Loss) Brought forward	<b>(-)2,14,073,401</b>	(-) 18,18,82,297
Prior period adjustments	-	16,11,374
(Loss) Carried forward	<b>(-) 5,13,26,913</b>	(-) 21,40,73,401

**DIVIDEND**

No Dividend has been recommended by Board of Directors keeping in view of above Financial Results.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, your Directors wish to confirm that:

- \* in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures , if any;
- \* such Accounting policies have been selected and applied consistently and judgments and estimates are made 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;
- \* proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting any fraud or other irregularities has been taken.
- \* Accounts for the period ended on 31<sup>st</sup> March, 2006 are prepared on a going-concern basis.

## **VISTA PHARMACEUTICALS LIMITED**

---

### **CORPORATE GOVERNANCE:**

The Corporate Governance Report and a certificate by the Statutory Auditors regarding compliance of the conditions of corporate governance by your Company as stipulated in clause 49 of the Listing Agreement with Stock Exchanges, are annexed to this Report.

### **FIXED DEPOSITS:**

The Company has not raised any fixed Deposits as on 31<sup>st</sup> March, 2006 so as to attract the provisions of Section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975 as amended from time to time. There is no amount outstanding or due to any deposit holder.

### **DIRECTORS:**

Sri G.Narendra and Sri Y.V.Rao Directors retire by rotation and being eligible offer themselves for re-appointment.

### **AUDITORS:**

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

### **REPLY TO AUDITORS' REPORT:**

The observations made by the Auditors Report on self explanatory as given in the Notes on Accounts.

### **PERSONNEL:**

Your Directors place on record their appreciation for the services rendered by the employees. The relation between the management and the workers has been cordial through out the year.

### **PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY AND ABSORPTION, FOREIGN EXCHANGE OUT GO:**

Particulars with respect to Conservation of Energy as required under section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed herewith.

### **ACKNOWLEDGEMENT:**

Your Directors take this opportunity to place on record their sincere appreciation and wish to express their thanks for the guidance and assistance received from State & Central Government agencies, Bankers, Shareholders for their continued support and faith in the Company.

By order of the Board of Directors  
**For VISTA PHARMACEUTICALS LIMITED**

**Dr. DHANANJAYA ALLI**  
Managing Director

**G. NARENDRA**  
Director

Place: Hyderabad  
Date : 04.10.2006

**VISTA PHARMACEUTICALS LIMITED****ANNEXURE**

Information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo required to be furnished pursuant to Section 217 (1) (e) of the Companies, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2006 as follows :

**A. CONSERVATION OF ENERGY – 2005–06:**

<b>POWER AND FUEL CONSUMPTION</b>	<b>2005 – 06</b>	<b>2004 – 05</b>
<b>1. ELECTRICITY</b>		
a. Purchased units (KWH)	<b>1,08,932</b>	1,16,536
Total Amount (in Rs.)	<b>9,13,168</b>	9,40,624
Unit Rate (in Rs.)	<b>8.38</b>	8.07
b. Own Generation		
(Through Diesel Generator)		
Units	<b>4,806</b>	3,816
Unit per litre of diesel oil	<b>4.69</b>	4.68
Cost / Unit (Rs.)	<b>5.56</b>	5.64
<b>2. COAL</b>	--	--
<b>3. FURNACE OIL (Diesel Oil for Boiler)</b>		
Quantity (in Litres)	<b>1,858</b>	2,470
Total Amount (in Rs.)	<b>60,218</b>	64,220
Average Rate / Litre (in Rs.)	<b>32.00</b>	26.00
<b>4. OTHERS / INTERNAL GENERATION</b>	--	--

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Since the Company manufactures different types of formulations. It is not practicable to give consumption per unit of production.

**C. TOTAL FOREIGN EXCHANGE USED AND EARNED**

<b>Sl. No.</b>	<b>Particulars of the transaction</b>	<b>2005 – 06 (Rs. in lakhs)</b>	<b>2004 – 05 (Rs. in lakhs)</b>
	Foreign Exchange earnings against sales	<b>103.81</b>	102.21
	Foreign Exchange Inflow on account of application money for issue of warrants and for issue of equity	<b>553.57</b>	29.30
<b>1.</b>	<b>Total Foreign Exchange inflow</b>	<b>657.38</b>	131.51
<b>2.</b>	<b>Total Foreign Exchange outgo</b>	<b>NIL</b>	NIL

**VISTA PHARMACEUTICALS LIMITED**

---

**FORM B**

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D)

**A. Research and Development (R&D)**

1. Specific areas in which R & D carried out by the Company :

Development of generic products for US market.  
Improvement & cost reduction of existing products.  
Stability studies on all of the above products.

2. Benefits derived as a result of the above R & D :

Developed OTC as well as prescription products for USA market and also products for South American, African and European markets.

3. Future plan of action :

Develop better Quality measures & controlled release dosage forms and Cost reduction of manufacturing.

**B. Technology Absorption, Adoption and Innovation:**

1. Efforts in brief made towards technology absorption, adoption and innovation:

The Company has neither absorbed nor adopted any new technology. The Company has also not made any innovation in technology other than the R & D efforts mentioned above.

2. Benefits derived as a result of the above efforts :

• None in the year under review.

3. In case of imported technology following information may be furnished.

No Technology is imported during financial year 2005 – 06.

**VISTA PHARMACEUTICALS LIMITED****REPORT ON CORPORATE GOVERNANCE****1. Company's Philosophy on Code of Corporate Governance**

The company firmly believes in and has consistently endeavored to practice good Corporate Governance. The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability, in all facts of its operations and in its interactions with stake holders including shareholders, employees, the government and the lenders.

**2. Board of Directors****Composition:**

The Board consists of 8 Directors with considerable professional experience and expertise in various fields. The Board of Directors has the ideal composition with more than half the directors being non-executive directors. Since the Company has a non-executive chairman, the Board's composition meets the stipulated requirement of at least one-third of the Board comprising independent directors.

**Functions:**

The functions, responsibility, role and accountability of the Board are well defined. Board of Directors manages the business policies and reviews the operations of the Company periodically and involves in formulating various strategies, techniques for improvement of performance of the Company. The Managing Director looks after the day-to-day operations of the Company.

The Board is provided with sufficient documents and information of each Board and Committee meetings to enable the members to discharge their responsibilities effectively.

The Board of your Company meets regularly to discharge its functions and has met eleven (11) times during the year under review on the following dates:

Sl. No.	Date of Board Meeting	Sl. No.	Date of Board Meeting
1	29.04.2005	7	12.12.2005
2	09.07.2005	8	22.12.2005
3	30.07.2005	9	24.01.2006
4	17.08.2005	10	31.01.2006
5	25.08.2005	11	15.03.2006
6	28.10.2005		

During the year under review the time gap between the two Board meetings did not exceed 4 months.

**Composition and Category of Directors is as follows:**

Category	Name of the Director
Promoter / Executive Directors	Dr. Dhananjaya Alli
Promoter / Non-Executive Directors	Dr. Stanley Prabhakar Reddy
Non-Executive and Independent Directors	Sri G. Narendra Sri Y.V. Rao Sri M.H. Rao Sri B.V.S. Prakasa Rao Smt. Vani Vatti Sri K. Rajendra Prasad

**VISTA PHARMACEUTICALS LIMITED**

**Attendance of each Director at the Board Meetings, last Annual General Meetings & Number of other Directorship and Chairmanship / membership of committee of each Directors in various companies.**

Name	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance at Annual General Meeting Held on 10.08.2005
Dr. Dhananjaya Alli	11	4	Yes
Dr. Stanley Prabhakar Reddy	11	1	Yes
Sri. G. Narendra	11	10	Yes
Sri. Y.V. Rao	11	8	No
Sri. M.H. Rao	11	4	No
Sri. B.V.S. Prakasa Rao	11	4	No
Smt. Vatti Vani	11	5	No
Sri. K. Rajendra Prasad	11	2	No

**Directorship in other Companies:**

The Directors of the Company also hold positions as Directors, Members and Partners in other Bodies Corporate, Associations and Firms as per details furnished hereunder:

Sl.No.	Name of the Director	Name of other Organization	Position
01	Dr. Dhananjaya Alli	Vista Pharmaceuticals Inc. USA American Generics, USA	Chairman Director
02	Dr. Stanley Prabhakar Reddy	Vista Pharmaceuticals Inc. USA American Generics, USA	Director Director
03	Sri. G. Narendra	Nil	-
04	Sri. Y.V. Rao	Nil	-
05	Sri. M.H. Rao	Nil	-
06	Sri. B.V.S. Prakasa Rao	Nil	-
07	Smt. Vani Vatti	Nil	-
08	Sri. K. Rajendra Prasad	M/s. Restile Ceramics Ltd.	-

**3. Audit Committee****Composition:**

The Company has constituted the Audit Committee of the Board comprising of 3 Non-Executive Independent Directors.

The Committee consists of:

Sri. G. Narendra - Chairman  
Sri. Y.V. Rao  
Sri. B.V.S. Prakasa Rao

The main functions of the Audit Committee include:

The Audit Committee shall oversee financial reporting process and disclosures, review annual financial statements, management discussion and analysis of financial condition and results of operation, review adequacy of internal audit function, internal audit report relating to internal control weakness, related party transactions, review financial and risk management policies,