

16th
Annual Report
2006-2007



VISTA PHARMACEUTICALS LIMITED

VISTA PHARMACEUTICALS LIMITED

BOARD OF DIRECTORS

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

CORPORATE OFFICE

7-1-212/A/70
1st Floor, Plot No. 85
Shivbagh, Ameerpet
Hyderabad - 500 016
Ph.No. 040-65581585
Fax No. 040-23741585
E-mail: vistapharmahyd@rediffmail.com

BANKERS

State Bank of India
State Bank of Hyderabad
Canara Bank
Citi Bank N.A.

REGD. OFFICE & FACTORY

APIIC Industrial Estate
Gopalaipalli Village
Narketpally Mandal
Nalgonda District
Andhra Pradesh
Ph.No. 08682-272552
Fax No. 08682-272551
E-mail: vistapharmankp@hotmail.com

SHARE TRANSFER AGENTS & DEMAT REGISTRARS

M/s. Aarthi Consultants Private Ltd.
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

AUDITORS

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

VISTA PHARMACEUTICALS LIMITED**NOTICE**

NOTICE is hereby given that the **16th Annual General Meeting** of the Members of the Company will be held on Monday, **the 24th of September, 2007** 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 **31st March, 2007** and Balance Sheet as on that date and the report of Auditors' and 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 appoint a Director in place of Smt.Vani Vatti who retires by rotation and being eligible offers herself 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 Directors of the Company".

By order of the Board of Directors
For VISTA PHARMACEUTICALS LIMITED

Dr. DHANANJAYA ALLI
Managing Director

Place: Hyderabad
Date : 27.08.2007

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 20.09.2007 to 24.09.2007 (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 have pleasure in presenting the Sixteenth Annual Report together with the Audited Statements of Account for the year ended 31st March, 2007.

FINANCIAL RESULTS

	Current Year 2006-07 (Rs)	Previous Year 2005-06 (Rs)
Income	1,09,79,842	18,04,96,603
Expenditure	1,55,05,481	1,50,93,494
Depreciation	26,21,761	26,56,621
Profit/(Loss) for the year	(-) 71,47,400	16,27,46,488
Preliminary Expenses written off	-	-
(Loss) Brought forward	(-) 5,13,26,913	(-) 21,40,73,401
Prior period adjustments	-	-
(Loss) carried forward	(-) 5,84,74,313	(-) 5,13,26,913

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 31st March, 2007 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 31st March, 2007 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 M.H.Rao and Smt. Vani Vatti 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.

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, Share holders 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 : 27.08.2007

VISTA PHARMACEUTICALS LIMITED**FORM A**

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 Director's Report for the year ended 31st March, 2007 as follows :

A) CONSERVATION OF ENERGY – 2006–07:

POWER AND FUEL CONSUMPTION	2006-07	2005 – 06
1. ELECTRICITY		
a. Purchased units (KWH)	1,03,995	1,08,932
Total Amount (in Rs.)	9,02,731	9,13,168
Unit Rate (in Rs.)	8.68	8.38
b. Own Generation		
(Through Diesel Generator)		
Units	7,738.32	4,806
Unit per litre of diesel oil	4.72	4.69
Cost / Unit (Rs.)	7.98	5.56
2. COAL	–	–
3. FURNACE OIL (Diesel Oil for Boiler)		
Quantity (in Litres)	2,986	1,858
Total Amount (in Rs.)	1,04,241	60,218
Average Rate / Litre (in Rs.)	34.91	32.00
4. OTHERS / INTERNAL GENERATION	–	–

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

Sl. No.	Particulars of the transaction	2006 - 07 (Rs. in lakhs)	2005 – 06 (Rs. in lakhs)
	Foreign Exchange earnings against sales	108.78	103.81
	Foreign Exchange Inflow on account of application money for issue of warrants	0.00	553.57
	Foreign Exchange Inflow on account of application money for conversion of warrants	0.00	0.00
1.	Total Foreign Exchange inflow	108.78	657.38
2.	Total Foreign Exchange outgo	NIL	NIL

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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 :

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 2006 – 07.

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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 five (5) times during the year under review on the following dates:

Sl. No.	Date of Board Meeting
1	28.04.2006
2	29.07.2006
3	04.10.2006
4	31.10.2006
5	31.01.2007

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	Mr.G.Narendra Mr. Y.V.Rao Mr. M.H. Rao Mr. B.V.S. Prakasa Rao Ms.Vani Vatti Mr.K.Rajendra Prasad

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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 08-11-2006
Dr. Dhananjaya Alli	5	1	Yes
Dr. Stanley Prabhakar Reddy	5	0	Yes
Sri. G. Narendra	5	5	Yes
Sri. Y.V. Rao	5	3	No
Sri. M.H. Rao	5	3	No
Sri. B.V.S. Prakasa Rao	5	2	No
Smt. Vatti Vani	5	3	Yes
Sri. K. Rajendra Prasad	5	0	Yes

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

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management policies, to look into the reasons for substantial defaults in the payment to depositors, debenture/shareholders and creditors, oversee compliance with stock exchange and legal requirements concerning financial statements, review auditors qualifications (draft) compliance with Accounting Standards, recommending the appointment and renewal of external Auditors/ Chief internal Auditor, fixation of audit fees and also approval for payment for any other services, etc.

The Audit Committee provides an open avenue of communication between the Statutory Auditors, Internal Auditors and the Board of Directors.

The Audit Committee has met 5 times during the year in due compliance with the Listing Agreement and Section 292 A of the Companies Act, 1956 on the following dates:

Sl. No.	Date of Audit Committee Meeting
1	27.04.2006
2	29.07.2006
3	04.10.2006
4	31.10.2006
5	31.01.2007

Sl. No	Name of the Director	No. of Meetings Attended
1	Sri G. Narendra	5
2	Sri Y.V.Rao	4
3	Sri. B.V.S. Prakasa Rao	3

The Statutory Auditors attend the Audit Committee meetings as invitees.

4. Remuneration Committee

The Remuneration Committee consists of the following members:

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

The Remuneration Committee decides reviews and approves the remuneration package for all employees and directors.

Remuneration Policy:

The scope of the Remuneration Committee is to ensure that the remuneration policies of the Company are competitive, thereby enabling the Company to attract and retain technical personnel of high caliber. In framing its remuneration policy, the Remuneration Committee takes into consideration the remuneration policies of various companies operating in the similar field. An elaborate personnel manual giving inter alia various methods adopted for fixing remuneration of personnel has been evolved.

The Central Government after considering the application approved vide letter No. Nil, dt. 05-04-2007 re-appointment of Dr.Dhananjaya Alli w.e.f on 30.09.2004 for a period of 3 years with a remuneration of USD 2500 per month. However, Dr.Dhananjaya Alli has not drawn any remuneration in view of non stabilization of operations of the Company.

Remuneration Paid to Non-Executive Directors

No sitting fees is paid to the Non-executive Directors.

5. Shareholders/Investors Grievance Committee:

A. Share Transfer Committee

The Share Transfer Committee consists of following members:

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

The Committee functions with following objectives:

The committee reviews redressing of Shareholders and Investors complaints like