

18th
Annual Report
2008-2009



VISTA PHARMACEUTICALS LIMITED

VISTA PHARMACEUTICALS LIMITED

BOARD OF DIRECTORS

Dr. Dhananjaya Alli
Dr. Stanley Prabhakar Reddy
Sri G. Narendra
Sri Y.V. Rao
Sri M.H. Rao
Smt. Vani Vatti
Sri K. Rajendra Prasad

Managing Director
Director
Director
Director
Director
Director
Director (APIDC Nominee)

CORPORATE OFFICE

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

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.

REGD. OFFICE & FACTORY

APIIC Industrial Estate
Gopalaipalli Village
Narketpally Mandal
Nalgonda District
Andhra Pradesh
Ph. 08682-272552
Fax 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 **18th Annual General Meeting** of the Members of the Company will be held on Tuesday, **the 29th day of September, 2009** at 11.30 AM at the Registered Office of the Company i.e., APIIC Industrial Estate, Gopalaipalli Village, Narketpally Mandal, Nalgonda District, Andhra Pradesh, to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Profit and Loss Account for the year ended **31st March, 2009** and Balance Sheet as on that date and the report of Auditors' and Directors' thereon.
2. To appoint a Director in Place of Mr. G. Narendra 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".

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 the 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. Completion and return of the form of proxy will not prevent a member attending the meeting and voting in person if he or she wishes. A form of proxy is given at the end of this Annual report
2. The register of members and share transfer books of the Company will remain closed from 25.09.2009 to 29.09.2009 (both days inclusive)
3. Members are requested to notify immediately any change in their address to the Company's Registered Office.
4. Members/Proxies are requested to bring duly filled in attendance slips to the meeting. The form of attendance slip is given at the end of this Annual Report.

While members holding shares in the physical form may write to the Company for any change in their addresses and bank mandates, members holding shares in electronic form may write to their depository participants for immediate updation so as to enable the Company to dispatch dividend warrants to the correct address,

**FOR AND ON BEHALF OF THE BOARD OF
VISTA PHARMACEUTICALS LIMITED**

Dr. DHANANJAYA ALLI
Managing Director

Date: 25.08.2009

Place: Hyderabad

VISTA PHARMACEUTICALS LIMITED**DIRECTORS' REPORT**

To
The Members
Vista Pharmaceuticals Limited

Your Directors have pleasure in presenting the 18th Annual Report together with the Audited Statements of Account for the year ended 31st March, 2009.

FINANCIAL RESULTS

	Current Year 2008-09 (Rs)	Previous Year 2007-08 (Rs)
Income	1,82,89,711	1,02,75,938
Expenditure	2,51,34,086	1,62,71,019
Depreciation	27,30,054	27,22,454
Profit/(Loss) for the year	(-) 95,74,428	(-) 87,17,535
(Loss) Brought forward	(-) 6,73,20,712	(-) 5,84,74,313
Fringe Benefit Tax	(-) 42,000	(-) 1,20,000
Prior period adjustments	-	8,864
(Loss) carried forward	(-) 7,69,37,140	(-) 6,73,20,712

OPERATIONS:

During the year under review the company has recorded a turnover of Rs.182.90 lakhs against the turnover of Rs.102.76 lakhs in the previous year.

DIVIDEND:

No dividend has been recommended by Board of Directors during the financial year 2008-09.

PUBLIC DEPOSITS:

Your Company has not accepted any deposits falling within the meaning of Sec.58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

LISTING:

The equity shares of your company are listed on The Bombay Stock Exchange Limited

DIRECTORS:

In accordance with the Companies Act, 1956 read with Articles of Association of the company the Director, Sri. G. Narendra and Smt. Vani Vatti retire by rotation and are eligible for reappointment.

Your Board recommends the re-appointment of the Directors above.

VISTA PHARMACEUTICALS LIMITED

Mr. B.V.S. Prakasa Rao, Director of the company passed away, during the year. The Board places its deep condolences to the family of Mr. B.V.S. Prakasa Rao and also records its sincere appreciation for the valuable services rendered by him during his tenure as director on the Board of the company

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Sec.217 (2AA) of the Companies Act, 1956 the Board of Directors of your Company hereby certifies and confirms that:

- i. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgment and estimates 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;
- iii. The Directors have taken 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 fraud and other irregularities;
- iv. The Directors have prepared the Annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO:

The required information as per Sec.217 (1) (e) of the Companies Act 1956 is provided hereunder:

A) CONSERVATION OF ENERGY – 2008–09:

POWER AND FUEL CONSUMPTION	2008-09	2007 – 08
1. ELECTRICITY		
a. Purchased units (KWH)	3,13,774	1,19,541
Total Amount (in Rs.)	15,38,162	9,58,380
Unit Rate (in Rs.)	4.90	8.02
b. Own Generation		
(Through Diesel Generator)		
Units	39180.30	6423.35
Unit per litre of diesel oil	4.94	4.94
Cost / Unit (Rs.)	8.25	7.04
2. COAL	–	–
3. FURNACE OIL (Diesel Oil for Boiler)		
Quantity (in Litres)	8,000	2,464
Total Amount (in Rs.)	2,94,800	83,185
Average Rate / Litre (in Rs.)	36.85	33.76
4. OTHERS / INTERNAL GENERATION	–	–

VISTA PHARMACEUTICALS LIMITED**B. 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.

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 :

No benefits derived in the year under review.

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

No Technology is imported during financial year 2008 – 09.

C. TOTAL FOREIGN EXCHANGE USED AND EARNED

Sl. No.	Particulars of the transaction	2008 - 09 (Rs. in lakhs)	2007 - 08 (Rs. in lakhs)
	Foreign Exchange earnings against sales	182.30	102.44
	Foreign Exchange Inflow on account of application money for issue of warrants	223.80	379.24
	Foreign Exchange Inflow on account of application money for conversion of warrants	0.00	0.00
1.	Total Foreign Exchange inflow	406.10	481.68
2.	Total Foreign Exchange outgo	NIL	20.04

VISTA PHARMACEUTICALS LIMITED

PARTICULARS OF EMPLOYEES:

There is no employee who is falling under section 217(2A). Therefore the disclosures required to be made under section 217(2A) of the companies Act, 1956 and the rules made there under are not applicable.

CODE OF CONDUCT:

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them.

AUDITORS

M/s. PRV Associates, Chartered Accountant retire at the ensuing Annual General Meeting and being eligible have expressed willingness for re-appointment. Your directors propose the appointment of M/s. PVR Associates, Chartered Accountant, as statutory auditor to hold office until the conclusion of the next Annual General Meeting of the company.

CORPORATE GOVERNANCE

As a listed company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, Forms part of this Report as Annexure.

ACKNOWLEDGEMENTS

Your directors would like to express their grateful appreciation for assistance and co-operation received from clients, banks, investors, Government, other statutory authorities and all others associated with the company. Your directors also wish to place on record their deep sense of appreciation for the excellent contribution made by the employees at all levels, which enabled the company to achieve sustained growth in the operational performance during the year under review.

Declaration by Managing Director of affirmation by Directors and senior Management personnel of compliance with the code of conduct

To

The shareholders,

I, Dr.Dhananjaya Alli, Managing Director of the Company do hereby declare that the Directors and senior management of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

**FOR AND ON BEHALF OF THE BOARD OF
VISTA PHARMACEUTICALS LIMITED**

Dr. DHANANJAYA ALLI
Managing Director

Date: 25.08.2009
Place: Hyderabad

G. NARENDRA
Director

VISTA PHARMACEUTICALS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS:

Industry structure and developments:

Generic Pharmaceuticals Industry is positioned to perform very well in the next few years, even though the World Economy is in recovery mode.

Vista is targeting US Generic market, which accounts almost to 70% of all prescriptions dispensed in the United States. US Generic drug industry is expected to reach \$ 100 billion sales by 2012.

Company performance, strength and weakness:

During the year under review, the Company could register an export turnover of Rs. 182.90 lakhs as against Rs. 102.76 lakhs in the previous year.

The expansion of the facility is completed to produce "Bactrim" generic product for US market and waiting for US FDA inspection.

Future:

The Company is expecting a sizable market penetration in US for Bactrim Generic product, after obtaining the US FDA approval for the product. The Company is evaluating other Generic Products for US market.

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

The Board of Directors of the company believes in and fully supports the principles of Corporate Governance. While striving to achieve the financial targets, the company seeks to follow the business principles and ethics and in all its dealings. The company has been regularly implementing the best practices of corporate governance in order to attain total transparency, accountability and integrity.

In accordance with the requirement of Stock Exchange Regulations and the provisions of the Listing Agreement, the compliance report on the corporate governance is reproduced here under:

2. Board of Directors:

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders.

Composition:

The Board of Vista Pharmaceuticals Limited comprises of one executive director and 7 non-executive directors. The following is the Composition of the Board as on 31st March 2009:

Sl. No.	Name and category of Directors	No. of directorships held in other Public companies	No. of Memberships/ Chairmanships held in Committees of other Companies
1.	Dr. Dhananjaya Alli Promoter, Executive	Vista Pharmacetucials Inc. USA American Generics, USA	Nil
2.	Dr. Stanley Prabhakar Reddy Promoter, Non executive	Vista Pharmacetucials Inc. USA American Generics, USA	Nil
3.	Mr. G. Narendra Independent, Non executive	Nil	Nil
4.	Mr. Y. V. Rao Independent, Non executive	Nil	Nil
5.	Mr. M.H. Rao Promoter, Non executive	Nil	Nil
6.	Mr. B.V.S. Prakasa Rao * Independent, Non executive	Nil	Nil
7.	Mrs. Vani Vatti Independent, Non executive	Nil	Nil
8.	Mr. K. Rajendra Prasad Independent, Non Executive	M/s. Restile Ceramics Ltd.	Nil

*Expired on 22.05.2009

VISTA PHARMACEUTICALS LIMITED**Board Meetings**

During the Financial Year 2008-2009, the Board of Directors met 8 times on the following dates: 30.04.2008, 22.07.2008, 28.07.2008, 08.09.2008, 31.10.2008, 15.11.2008, 15.12.2008 and 31.01.2009

The Attendance of Directors at these Board Meetings and at the previous Annual General Meeting was under:

Name of the Directors	No of meetings held during the tenure of the Director	No of meetings attended by the Director	Whether present at the previous AGM	No. of shares held in the company
Dr. Dhananjaya Alli	8	2	Yes	20
Dr. Stanley Prabhakar Reddy	8	1	Yes	Nil
Mr. G. Narendra	8	8	Yes	Nil
Mr. Y. V. Rao	8	4	No	Nil
Mr. M.H. Rao	8	5	Yes	20000
Mr. B.V.S. Prakasa Rao *	8	2	No	5000
Mrs. Vani Vatti	8	0	No	Nil
Mr. K. Rajendra Prasad	8	1	No	Nil

*Expired on 22.05.2009

2. Audit Committee

The Audit Committee was formed by the Board of Directors. The terms of reference of this committee cover the matters specified in the clause 49 of the Listing Agreement and as may be referred to the committee by the Board of Directors of the company such as:

Terms of Reference

Overseeing the company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and fixation of audit fees;

Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report; changes, if any, in accounting policies and practices and reasons for the same; major accounting entries involving estimates based on the exercise of judgment by management; significant adjustments made in the financial statements arising out of audit findings; compliance with listing and other legal requirements relating to financial statements; disclosure of any related party transactions; and qualifications in the draft Audit Report;

Reviewing with management, the quarterly financial statements before submission to the Board for approval;

Reviewing with management, performance of statutory and internal auditors, and adequacy of internal systems;