



21st Annual Report
2011-2012

VISTA PHARMACEUTICALS LIMITED

VISTA PHARMACUTICALS LIMITED

BOARD OF DIRECTORS

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

Managing 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

REGD. OFFICE & FACTORY

Plot Nos. 10 to 14 And 16 To 20,
APIIC Industrial Estate, Chityal,
Gopalaipalli Village
Narketpally Mandal Nalgonda District
Andhra Pradesh Ph. 09291015956
Fax 08682-272551
E-mail: nkpvistapharma@gmail.com

BANKERS

State Bank of India
Balkampet branch,
Hyderabad - 500 038.

State Bank of Hyderabad
Punja Gutta, Hyderabad - 500 482.

AUDITORS

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

State Bank of Hyderabad,
Chityal Branch, Chityal
Nalgonda (District)

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: info@arthiconsultants.com

NOTICE:

NOTICE is hereby given that the **21st Annual General Meeting** of the Members of the Company will be held on Thursday, the 15th day of November, 2012 at 11.30 AM at the Registered Office of the Company i.e., Plot Nos. 10 to 14 And 16 To 20 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, 2012 and Balance Sheet as on that date and the report of Auditors' and Directors' thereon.
2. To appoint a Director in Place of Mr. M. H. Rao, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in Place of Mr. G. Narendra, 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 Directors of the Company".

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 13.11.2012 to 15.11.2012 (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: 01.10.2012
Place: Hyderabad

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

DIRECTORS' REPORT

To
The Members
Vista Pharmaceuticals Limited

Your Directors have pleasure in presenting the 21st Annual Report together with the Audited Statements of Account for the year ended 31st March, 2012.

FINANCIAL RESULTS:

	Current Year 2011-12 (Rs)	Previous Year 2010-11(Rs)
Income	3,62,23,141	5,67,97,411
Expenditure	4,53,35,139	5,45,24,835
Depreciation	63,68,603	51,94,278
Profit/(Loss) for the year (Before Tax)	(-)1,54,10,117	(-)29,21,702
Profit/(Loss) for the year (After Tax)	(-)1,66,30,208	(-)29,21,702
(Loss) Brought forward	(-)9,33,60,957	(-)9,04,39,255
(Loss) carried forward	(-)10,99,91,165	(-)9,33,60,957

OPERATIONS:

During the year under review the company has recorded a turnover of Rs. 362.23 lakhs against the turnover of Rs.567.97lakhs in the previous year.

DIVIDEND:

No dividend has been recommended by Board of Directors during the financial year 2011-12.

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, Mr. M. H. Rao and Mr. G Narendra retire by rotation and are eligible for reappointment.

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

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 2011-12.
- 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 2011-12:

POWER AND FUEL CONSUMPTION	2011-12	2010-11
1. ELECTRICITY		
a. Purchased units (KWH)	3,11,076	4,33,500
Total Amount (in Rs.)	18,86,243	24,42,357
Unit Rate (in Rs.)	6.06	5.63
b. Own Generation		
(Through Diesel Generator) Units	57,768	57,202
Unit per litre of diesel oil	5.21	4.77
Cost / Unit (Rs.)	8.22	8.42
2. COAL	—	
3. FURNACE OIL (Diesel Oil for Boiler) Quantity (in Litres)	15,200	10,425
Total Amount (in Rs.)	6,64,880	4,20,649
Average Rate / Litre (in Rs.)	43.74	40.35
4 OTHERS / INTERNAL GENERATION		

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.

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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 activities.

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 2011-12.

C. TOTAL FOREIGN EXCHANGE USED AND EARNED

Sl. No.	Particulars of the transaction	2011 - 12 (Rs. in lakhs)	2010 - 11 (Rs. in lakhs)
	Foreign Exchange earnings against sales	362.23	567.45
	Foreign Exchange Inflow on account of application money for issue of warrants	NIL	NIL
	Foreign Exchange Inflow on account of application money for conversion of warrants	NIL	NIL
1.	Total Foreign Exchange inflow	362.23	567.45
2.	Total Foreign Exchange outgo	NIL	23.14

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 auditors 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: 01.10.2012
Place: Hyderabad

G. NARENDRA
Director

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments:

Generic Pharmaceuticals Industry is positioned to perform very well in comparison to high cost branded drugs, especially in the weak world economic conditions.

US Generic Drug Industry is expected to reach \$140 Billion sales by 2015. US accounts for almost \$90 billions of world sales.

Vista is targeting US Generic market, which accounts for 80% of prescriptions dispensed in the United States.

Company Performance, strength and weakness:

During the year under review, the Company could register an export turnover of Rs. 362.23 lakhs as against Rs.567.45 lakhs in the previous year.

Future:

The Company obtained US FDA approval for the manufacture of Bactrim generic product for US market and expecting a sizable market penetration.

The company is also evaluating few ANDAs for future US market.

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.

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 3 non-executive directors. The following is their 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:

Composition of the Board as on 31 March 2012.

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 Pharmaceuticals Inc. USA American Genetics, USA	Nil
2.	Dr. Stanely Prabhakar Reddy Promoter, Non executive	Vista Pharmaceuticals Inc. USA American Genetics, USA	Nil
3.	Mr. M.H. Rao Promoter, Non executive	Jagruti Co-operative Urban Bank Ltd.	1
4.	Mr. G. Narendra Independent, Non executive	Nil	Nil
5.	Ms. Vani Vatti Independent, Non executive	Nil	Nil
6.	Mr. K. Rajendra Prasad Independent, Non Executive	M/s. Restile Ceramics Ltd.	Nil

Board Meetings

During the Financial Year 2011-2012, the Board of Directors met 5 times on the following dates: 02.05.2011, 10.08.2011, 18.08.2011, 09.11.2011 and 10.02.2012.

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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	5	2	YES	20
Dr. Stanley Prabhakar Reddy	5	1	NO	NIL
Mr. G. Narendra	5	4	YES	NIL
Mr. M.H. Rao	5	4	YES	20000
Ms. Vani Vatti	5	3	YES	NIL
Mr. K. Rajendra Prasad	5	2	NO	NIL

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;

Reviewing adequacy of internal audit functions, if any, including the structure of the internal audit department staffing and seniority of the officials heading the department, reporting structure, coverage and frequency of internal audit;