LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder of **Matrix Laboratories Limited**. If you require any clarifications about the action to be taken, you should consult your stockbroker or investment consultant or the Manager/Registrar to the Offer. In case you have sold your shares, please hand over this Letter of Offer, the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and transfer deed to the member of the stock exchange through whom the said sale was effected.

CASH OFFER AT Rs. 306 /- (RUPEES THREE HUNDRED AND SIX ONLY) PER FULLY PAID-UP VOTING EQUITY SHARE OF Rs. 2 /- (RUPEES TWO ONLY) AND AT Rs. 294 /- (RUPEES TWO HUNDRED AND NINETY FOUR ONLY) PER PARTLY PAID-UP EQUITY SHARE OF Rs. 2 /- (RUPEES TWO ONLY)

[Pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto]

TO ACQUIRE

Up to 30,831,962 fully paid-up voting equity shares of face value Rs. 2/- each, and up to 4,700 partly paid-up equity shares of face value Rs. 2/- each, representing 20.0% of the fully diluted share capital ("**Offer**")

OF

Matrix Laboratories Limited ("Target Company" / the "Company" / "Matrix")

having its registered office at:

1-1-151/1, Sairam Towers, 4th Floor, Alexander Road, Secunderabad 500 003

Tel: +91 40 2770 0363; Fax: +91 40 2770 0343

BY

MP Laboratories (Mauritius) Ltd ("Acquirer")

having its registered office at:

Fourth Floor, IBL House, Caudan, Port Louis, Mauritius

Tel: +230 203 2020; Fax: +230 212 6149

along with

Mylan Laboratories Inc. ("Mylan"/"PAC") (as a Person Acting in Concert)

having its registered office at:

c/o Corporation Service Company, 2704 Commerce Drive, Harrisburg,
Pennsylvania 17110

Tel: +1 717 526 4330 ; Fax: +1 717 526 4401

and

its corporate headquarters at:

1500 Corporate Drive, Canonsburg,
Pennsylvania 15317

Tel: +1 724 514 1800; Fax: +1 724 514 1870

ATTENTION:

a) The Offer is subject to the receipt of certain approvals from the Reserve Bank of India ("**RBI**"), under the Foreign Exchange Management Act, 1999 ("**FEMA**"). On October 16, 2006, RBI provided such approvals. These approvals have been elaborated hereinafter.

b) Besides this, as on the date of this letter of offer ("**Letter of Offer**"), no other statutory approval was required to acquire the shares tendered pursuant to this Offer.

c) In case of delay in the receipt of any statutory approval(s), SEBI has the power to grant extension of time to the Acquirer and the PAC for payment of consideration to shareholders who have validly tendered their shares, subject to the Acquirer and the PAC agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer and the PAC in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

d) If there is any upward revision in the offer price by the Acquirer prior to or on the last date for revising the offer price viz. November 30, 2006, you would be informed by way of another public announcement ("**PA**") in the same newspapers where the PA had appeared. The Acquirer and the PAC would pay such revised price for all the shares validly tendered any time during the Offer and accepted under the Offer.

e) Shareholders who have accepted the Offer by tendering the requisite documents, in terms of this Letter of Offer, shall have the option to withdraw their acceptance by December 6, 2006, i.e. 3 (three) working days prior to the date of closure of the Offer viz. December 11, 2006.

f) Form of Acceptance cum Acknowledgement and Form of Withdrawal are enclosed with this Letter of Offer.

g) The PA and this Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal would also be available on SEBI's website (www.sebi.gov.in) from the Offer opening date viz. November 22, 2006.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
DSP Merrill Lynch **DSP Merrill Lynch Limited** 10th Floor, Mafatlal Center Nariman Point, Mumbai 400 021 Tel: +91 22 6632 8000 Fax: +91 22 2204 8518 Email: matrix_offer@ml.com Contact Person: Shradha Kothari	MCPL **Mondkar Computers Private Limited** 21, Shakil Niwas, Opp. Satya Sai Baba Temple Mahakali Caves Road, Andheri East, Mumbai 400 093 Tel: +91 22 2826 2920 Fax: +91 22 2836 6620 E-mail: open_offer@rediffmail.com Contact Person: Ashok Gupta
OFFER OPENS ON: NOVEMBER 22, 2006	**OFFER CLOSES ON: DECEMBER 11, 2006**

SCHEDULE OF THE MAJOR ACTIVITIES OF THE OFFER

Activity	Original Date & Day	Revised Date & Day
PA Date	August 29, 2006 (Tuesday)	August 29, 2006 (Tuesday)
Specified Date (for the purpose of determining the names of Shareholders to whom the Letter of Offer will be posted)	September 22, 2006 (Friday)	September 22, 2006 (Friday)
Last date for a competitive bid	September 19, 2006 (Tuesday)	September 19, 2006 (Tuesday)
Date by which Letter of Offer to be dispatched to shareholders	October 7, 2006 (Saturday)	November 18, 2006 (Saturday)
Date of opening of the Offer	October 20, 2006 (Friday)	November 22, 2006 (Wednesday)
Last date for revising the Offer Price	October 30, 2006 (Monday)	November 30, 2006 (Thursday)
Last date for withdrawing acceptance from the Offer	November 3, 2006 (Friday)	December 6, 2006 (Wednesday)
Last date of closing of the Offer	November 8, 2006 (Wednesday)	December 11, 2006 (Monday)
Last date of communicating rejection/ acceptance by Acquirer and payment of consideration for accepted shares	November 23, 2006 (Thursday)	December 26, 2006 (Tuesday)

RISK FACTORS

Given below are the risks related to the transaction, the proposed Offer and becoming associated with the Acquirer and the PAC:

The acquisition of the shares tendered in the Offer is subject to the approval of the RBI both for the acquisition of shares tendered in the open offer and for the shares sought to be acquired by the Acquirer from the resident promoters under the share purchase agreement detailed hereinafter. On October 16, 2006, the RBI approved the acquisition of shares sought to be acquired by the Acquirer from the resident promoters and conveyed no objection for the acquisition of shares pursuant to the Offer, in accordance with the SEBI (SAST) Regulations, 1997, provided, however, that OCBs may not tender their shares in the Offer.

a) In the event of litigation leading to a stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the Schedule of the Major Activities of the Offer indicated in this Letter of Offer.

b) The Acquirer and the PAC make no assurance with respect to the market price of the shares during or after the Offer.

c) The Acquirer is making this Offer as per Regulations 10 and 12 of SEBI (SAST) Regulations as the Acquirer would, upon the implementation of the Share Purchase Agreement ("SPA") and Shareholders Agreement ("SHA"), mentioned hereinafter, have acquired control of Matrix. There is no assurance with respect to the continuation of the past trend in the financial performance of Matrix.

d) The tendered shares will be deposited in a designated escrow account until the completion of the Offer formalities. During such period there may be fluctuations in the market price of the shares of Matrix.

e) In the event of oversubscription in the Offer, the acceptance will be on a proportionate basis and will be contingent on the level of oversubscription.

f) The Acquirer and the PAC do not accept any responsibility for statements made otherwise than in the Letter of Offer/PA and anyone placing reliance on any other source of information (not released by the Acquirer and the PAC) would be doing so at his/her/its own risk.

g) The PAC has certain contingent liabilities as specified in paragraph 4(n) below.

The risk factors set forth above pertain to the Offer and do not relate to the present or future business or operations of Matrix or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a shareholder in the Offer. The shareholders of Matrix are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

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DEFINITIONS

Acquirer	MP Laboratories (Mauritius) Ltd
BSE	Bombay Stock Exchange Limited
DP	Depository Participant
DSPML	DSP Merrill Lynch Limited
Eligible Person(s) for the Offer	All owners (registered or unregistered) of Shares of Matrix Laboratories Limited (other than the Acquirer and the PACs and parties to the SPA and other than OCBs) anytime before the Closure of the Offer
FASB	Financial Accounting Standards Board
FEMA	Foreign Exchange Management Act, 1999
FIPB	Foreign Investment Promotion Board
Form of Acceptance	Form of Acceptance cum Acknowledgement
GAAP	Generally accepted accounting principles
Letter of Offer	Offer Document
Manager/ Manager to the Offer	DSP Merrill Lynch Limited
Mm	Million
Negotiated Price	The price of Rs. 306 per fully paid-up equity share at which the Acquirer will purchase the shares of the Sellers pursuant to the terms of the SPA
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NYSE	New York Stock Exchange
OCB	Overseas Corporate Bodies
Offer	Open offer for acquisition of up to 30,831,962 fully paid-up voting equity shares of face value of Rs. 2/- each and up to 4,700 partly paid-up equity shares of face value of Rs. 2/- each, representing 20% of the fully diluted share capital of Matrix Laboratories Limited at a price of Rs. 306 per fully paid-up voting equity share and Rs. 294 per partly paid-up equity share
Offer Price	Rs. 306 (Rupees Three hundred and six only) per fully paid-up voting equity share of Rs. 2/- each and Rs. 294 (Rupees Two hundred and ninety four only) per partly paid-up equity share of Rs. 2/- each
Person Acting in Concert/PAC/Mylan	Mylan Laboratories Inc.
Public Announcement/PA	Announcement of the Offer made by the Acquirer and the PAC on August 29, 2006
RBI	Reserve Bank of India
Registrar/Registrar to Offer	Mondkar Computers Private Limited
Rs.	Indian Rupees
Rupee Translation	Certain financial details contained in this Letter of Offer are denominated in USD. The Rupee equivalent quoted in each case is calculated in accordance with RBI Reference rate as on August 25, 2006, namely 1 USD = Rs 46.61 (source www.rbi.org.in)
SEBI	Securities and Exchange Board of India
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
Sellers	Mr. Prasad Nimmagadda, Prasad Nimmagadda-HUF, G2 Corporate Services Limited, India Newbridge Investments Limited, India Newbridge Partners FDI Limited, India Newbridge Coinvestment Limited, Maxwell (Mauritius) Pte. Limited and Spandana Foundation
Share(s)	Equity shares of face value of Rs. 2/- each of Matrix Laboratories Limited
Shareholders	Public shareholders of Matrix, excluding promoters and parties to the SPA and excluding OCBs
Shareholders Agreement/SHA	An agreement executed amongst *inter alia*, the Acquirer and Mr. Prasad Nimmagadda in respect of mutual rights and obligations of the Acquirer and Mr. Prasad Nimmagadda in respect of their respective shareholding in the Target Company
SPA	Share Purchase Agreement entered into by the Acquirer, PAC and the Sellers on August 28, 2006
Special Depository Account	"Escrow Account – Open Offer for Matrix Laboratories Limited" opened by DP. DP ID is IN302638 and Client ID is 10022740
Specified Date	September 22, 2006
Target Company/Company/ Matrix	Matrix Laboratories Limited
USD	United States Dollars

1. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF TARGET COMPANY TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER/PAC/TARGET COMPANY, WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE-DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES HIS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER - DSP MERRILL LYNCH LIMITED HAS SUBMITTED A DUE-DILIGENCE CERTIFICATE DATED SEPTEMBER 11, 2006 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER".

2. DETAILS OF THE OFFER

2.1 Background

a) The Offer to the Shareholders is being made in accordance with Regulations 10 and 12 of SEBI (SAST) Regulations following the transaction referred in paragraph 2.1(b), which upon conclusion will result in substantial acquisition of shares and control of the Target Company.

b) The Acquirer, a company with limited liability, incorporated under the laws of Mauritius, has entered into a share purchase agreement (the "**Agreement**"/"**SPA**") dated as of August 28, 2006 to acquire from Mr. Prasad Nimmagadda, Prasad Nimmagadda-HUF, G2 Corporate Services Limited, India Newbridge Investments Limited, India Newbridge Partners FDI Limited, India Newbridge Coinvestment Limited, Maxwell (Mauritius) Pte. Limited and Spandana Foundation ("**Sellers**"), to purchase an aggregate of 79,187,972 fully paid-up voting equity shares of Rs. 2/- each, representing about 51.5% of the fully paid-up voting equity shares of Matrix at a price of Rs. 306 (Rupees three hundred six only) per fully paid-up equity share ("**Negotiated Price**") payable in cash. The numbers of shares which have been agreed to be sold by each Seller are as follows:

Seller	Number of shares	Percentage of shares
Prasad Nimmagadda	12,770,010	8.3%
Prasad Nimmagadda – HUF	600,000	0.4%
G2 Corporate Services Limited	5,222,182	3.4%
India Newbridge Investments Limited	26,664,550	17.3%
Maxwell (Mauritius) Pte. Limited	19,664,560	12.8%
India Newbridge Coinvestment Limited	7,666,670	5.0%
India Newbridge Partners FDI Limited	4,600,000	3.0%
Spandana Foundation	2,000,000	1.3%
Total	**79,187,972**	**51.5%**

c) Some of the salient features of the SPA are as follows:

i. Upon the completion of all the formalities of the open offer being announced hereby (the "**Offer**") (as certified by the Manager to the Offer), and satisfaction of other conditions precedent to the obligations of the Acquirer and the Sellers under the SPA, the Sellers above-named will sell and the Acquirer will purchase from each Seller the pre-determined number of its/his respective shares indicated in the table above for a consideration of Rs. 306 per share.

ii. There are conditions precedent to the obligations of the Acquirer and the Sellers under the SPA. The Sellers' and the Acquirer's obligations under the SPA are subject to the satisfaction of, or, if applicable, waiver of the following conditions:

- the respective representations and warranties of the Sellers and Acquirer in the SPA being true and correct, unless failure of the representations and warranties to be true and correct does not have and is not, individually or in the aggregate, reasonably likely to have a material adverse effect on the party making such representations and warranties;
- the Sellers and the Acquirer having performed or complied with all obligations under the SPA required to be performed or complied with prior to closing and not being in the material breach of the SPA;
- the receipt of a certificate by the Acquirer from each Seller, and by the Sellers from the Acquirer, stating that the conditions relating to the truth of representations and warranties and compliance with covenants of such party contained in the SPA have been satisfied;
- no order or injunction having been issued by a governmental authority that restrains, or otherwise makes illegal the consummation of any of the transactions contemplated by the SPA or that materially adversely affects Acquirer's ownership of the Target Company's shares following the closing of transactions under the SPA;
- (i) no material action, suit, proceeding or investigation relating to the transactions contemplated by the SPA having been instituted by a governmental authority that Purchaser, or, if Sellers comply with certain requirements, Acquirer

and the Sellers, reasonably determines is likely to restrain, restrict, enjoin, prevent or prohibit, or otherwise make illegal any of the transactions contemplated by the SPA or that is likely to materially adversely affect either the PAC, Acquirer or the Target Company, or Acquirer's ownership of the Target Company's shares following the closing of the SPA, (ii) no law shall have been, or be reasonably likely to be, promulgated, adopted, enacted or entered into force or otherwise made effective by any governmental authority that has or would have such effect;

- RBI approval of the transactions under the SPA and SEBI approval of the open offer, including approval of the public announcement and the letter of offer; and
- delivery of the Merchant Banker Certificate confirming that the Acquirer has complied with all the conditions of the Open Offer.

In addition, the Acquirer's obligations under the SPA are subject to the satisfaction of, or, if applicable, waiver of the following conditions:

- no material adverse effect on (i) the financial condition, assets, liabilities, results of operation or business of the Target Company and its subsidiaries taken as a whole, or (ii) the ability of any of the Sellers or the Target Company or any of its subsidiaries to perform their material obligations under any transaction document, subject to certain exceptions, having occurred since the date of the SPA and be continuing, or reasonably be likely to occur;
- completion of the U.S. GAAP financial statements of the Target Company for the specified accounting periods and the unqualified audit reports of the independent auditors of the Target Company;
- execution and effectiveness of the employment agreements between (i) PAC and Mr. Prasad Nimmagadda, (ii) the Target Company and Mr. Rajiv Malik and (iii) Docpharma, a wholly owned subsidiary of the Target Company, and Mr. Stijn Van Rompay;
- all conditions to closing of the purchase agreements between the Sellers, excluding Spandana Foundation, Prasad Nimmagadda-HUF and G2 Corporate Services Limited, and PAC, pursuant to which such Sellers have agreed to use a portion of the proceeds received from their sale pursuant to the SPA to invest in newly-issued shares of PAC's common stock; and
- delivery by each Indian resident Seller of completed and signed delivery instruction slips for transfer of such Indian resident Seller's shares of the Target Company to the Acquirer pursuant to the SPA.

iii. Pending the closing of the transactions under, or the termination of the SPA, except as expressly provided by the SPA, or required by applicable law or if the Acquirer consents in advance in writing (which consent Acquirer may not unreasonably withhold, delay or condition), the Sellers have agreed to use their reasonable best efforts to cause the Target Company, and through the Target Company, each of the Target Company's subsidiaries, to use its reasonable best efforts to maintain its existence in good standing under applicable laws, and subject to certain restrictions and exceptions set forth in the SPA, conduct its operations only in the ordinary and usual course of business consistent with past practice. In addition, pending the closing of the transactions under, or the termination of, the SPA, except as expressly provided by the SPA, or required by applicable law or if the Acquirer consents in advance in writing (which consent Acquirer may not unreasonably withhold, delay or condition), the Sellers have agreed to use their reasonable best efforts to cause the Target Company to use its reasonable best efforts to, and to cause each of its subsidiaries to:

- keep available the services of the current officers, material employees and management;
- maintain and enforce all intellectual property;
- maintain its rights and franchises and preserve its current relationships with its customers, suppliers and others having business dealings with it to the end that its ongoing businesses shall not be impaired in any material respect at the consummation of the purchase under the SPA;
- maintain its real property and other material assets in good repair, order and condition (subject to normal wear and tear) consistent with current needs;
- replace in accordance with industry practices its inoperable, worn out or obsolete material assets with assets of similar quality consistent with past practices and current needs; and
- pay all applicable material taxes when due and payable unless such taxes are being contested in good faith.

Further, pending consummation of the purchase contemplated by the SPA or the termination of the SPA as provided therein, except as expressly contemplated by the SPA, or required by applicable law or consented to in advance by the Acquirer in writing (which consent may not be unreasonably withheld, delayed or conditioned), the Sellers have agreed to use reasonable best efforts to procure that the Target Company shall not, and that the Target Company shall cause each of its subsidiaries not to, directly or indirectly:

- amend or modify its charter, bylaws or equivalent organizational documents;
- take any action or enter into any transactions that could reasonably be expected to result in a material change in the scope, nature and/or activities of the Target Company's business;
- commence, terminate or change any line of business of the Target Company or any of its subsidiaries;
- appoint, replace, remove or support the removal of the independent auditor of the Target Company;
- (i) issue or authorize the issuance of any rights to subscribe for, purchase or otherwise acquire any capital stock, other equity interest or other security of any class or series and of any issuer, or grant any options, warrants, or other rights to purchase or obtain any of its rights to subscribe for, purchase or otherwise acquire any capital stock, other equity interest or other security of any class or series and of any issuer, except to any employees below the general manager level in the ordinary course of business consistent with past practice under certain existing stock plans or (ii) redeem, purchase or otherwise acquire, or sell, pledge, grant, encumber or otherwise

dispose of, or split, combine or otherwise reclassify, any of its rights to subscribe for, purchase or otherwise acquire any capital stock, other equity interest or other security of any class or series and of any issuer;

- take any action in furtherance of any liquidation, bankruptcy, suspension of payments, assignment to creditors or similar matter, involving the Target Company or any of its subsidiaries;
- cancel, compromise or settle any material action, or waive or release any material rights, of any the Target Company or any of its subsidiaries;
- take any action that would result in any material changes to any contract between the Target Company or any of its subsidiaries, on the one hand, and any of the Sellers, on the other hand, or enter into any such contract;
- enter into any contract or transaction which would be required to be reported in the Target Company's financial statements pursuant to the Statement of Accounting Standards (AS18) issued by the Council of the Institute of Chartered Accountants of India, other than in the ordinary course consistent with past practice in an amount not in excess of Rs. 50,000,000 (other than employment contracts and terms of employment of key management personnel who are not Sellers (as defined by AS18) and contracts between or among the Target Company and any of its subsidiaries);
- enter into any binding or non-binding commitment in respect of, or take any other action in furtherance of, any actual or proposed business combination of any kind;
- subject to certain exceptions, incur any indebtedness or issue any note, bond or other debt security or create, incur, assume, guarantee, endorse or otherwise as an accommodation become responsible for any indebtedness or any capitalized lease obligation of any person other than the Target Company or any of its subsidiaries in an amount in excess of Rs. 250,000,000 (or the equivalent in another currency) in the aggregate;
- subject to certain exceptions, sell, lease, mortgage, pledge, license, transfer or otherwise dispose of any material property rights, material assets or material rights of the Target Company or any of its subsidiaries;
- except in the ordinary course of business consistent with past practice, grant or acquire, agree to grant to or acquire from any person, or dispose of or permit to lapse any rights to, any material intellectual property, or disclose or agree to disclose to any person, other than representatives of the Acquirer, any material trade secret;
- change the policies or practices of the Target Company or any of its subsidiaries with regard to the extension of discounts or credit to customers or collection of receivables from customers except in the ordinary course of business consistent with past practice;
- recruit any new employee at the vice-president level or above except to fill vacancies existing as of the date of the SPA;
- enter into any arrangement or agreement to sell or otherwise dispose of any marketing authorizations for pharmaceutical products of the Target Company or any of its subsidiaries, which are currently distributed or will be distributed by the Target Company or its subsidiaries under their own brand names, or undertake any non-compete obligations, in each case except in the ordinary course of business consistent with past practice of the Target Company or its subsidiaries, as applicable;
- subject to certain exceptions, declare, set aside or pay any dividend or distribution on or in respect of any of its rights to subscribe for, purchase or otherwise acquire any capital stock, other equity interest or other security of any class or series and of any issuer or such rights of the Target Company or any of its subsidiaries, except for dividends recommended but undeclared and unpaid as of the date hereof;
- take any action that would result in the issuance of any equity securities or rights of the Target Company or any of its subsidiaries to subscribe for, purchase or otherwise acquire any capital stock, other equity interest or other security of any class or series and of any issuer, except for exercises of outstanding options pursuant to certain stock plans and except for grants to employees below the general manager level, in each case, in the ordinary course of business consistent with past practice;
- grant, impose or permit to exist any material lien on any of its material assets, other than in the ordinary course of business consistent with past practice;
- except as required by law, Indian GAAP or GAAP in the jurisdiction of organization of the relevant Target Company party, change the fiscal year of any Target Company party, revalue any of the material assets of any Target Company party or make any changes to their accounting principles or practices, Indian GAAP or GAAP in the jurisdictions of organization of the relevant Target Company party, or materially write up, write down or write off the book value of any assets that are, individually or in the aggregate, material to the Target Company and its subsidiaries taken as a whole, except in each case as required for the completion of the U.S. GAAP financial statements;
- adopt, enter into, materially amend or terminate (or grant any material waiver or consent under) any broad-based or other material plan or arrangement that would constitute an employee benefit plan had such plan or agreement existed on the date hereof, (ii) grant or agree to grant any increase in the wages, salary, bonus, or other compensation, remuneration or benefits of any employees of the Target Company or any of its subsidiaries other than increases to employees at or below the general manager level in the ordinary course of business consistent with past practice or (iii) take any action that would result in any change to certain key employees (including changes to the scope of responsibility of such key employees);
- enter into any contract that, had it been entered into prior to the date hereof, would be a material contract (as defined in the SPA), or materially amend, materially modify, terminate, cancel, relinquish, materially waive or release (i) any existing material contract, (ii) any contract that is, or had it been entered into prior to the date hereof would be, a material contract or (iii) any material insurance contract (in each case other than an amendment or modification which would be beneficial to the relevant Target Company party);

- take any action that would reasonably be expected to have a material adverse effect on (i) the financial condition, assets, liabilities, results of operation or business of the Target Company and its subsidiaries taken as a whole, or (ii) the ability of any of the Sellers or the Target Company or its subsidiaries to perform their material obligations under any transaction document, subject to certain exceptions;
- incur or commit to any capital expenditures or any obligations or liabilities in connection therewith, other than (i) individual items of capital expenditure which have been committed to by the Target Company or any of its subsidiaries with third parties prior to the date of the SPA, (ii) capital expenditures and obligations and liabilities in connection therewith contemplated by the Target Company's current capital expenditure budget, (iii) capital expenditures and obligations and liabilities in connection therewith reasonably required in order to deal with emergency situations (in which case the Target Company shall promptly notify the Acquirer), and (iv) other capital expenditures and obligations or liabilities in connection therewith incurred or committed to in the ordinary course of business consistent with past practice and which are not individually in excess of Rs. 100,000,000 (or the equivalent in another currency) or in the aggregate in excess of Rs. 300,000,000 (or the equivalent in an other currency), subject to certain exceptions;
- make any material tax election or settle or compromise any material liability for taxes, change any annual tax accounting period, change any method of tax accounting (except as required by law, Indian GAAP or GAAP in the jurisdiction of organization of the Target Company or any of its subsidiaries), file any material amendment to any material tax return (other than an amendment which is beneficial to the Target Company or any of its subsidiaries), enter into any closing agreement relating to any material tax, surrender any right to claim a material tax refund, or consent to any extension or waiver of the statute of limitations period applicable to any material tax claim or assessment;
- modify, amend or terminate, or waive, release or assign any material rights or claims with respect to any confidentiality agreement to which the Target Company is a party;
- convene a General Meeting for passing a resolution for performing any of the aforesaid acts; or
- make any decision or take any action which would have the effect of any action listed in this Section 2.1(c)(iii) or result in any such action being taken.

iv. Articles of association of the Target Company will be suitably amended after the closing of the SPA pursuant to the SPA, to, among other things, remove provisions relating to the rights of the Selling Shareholders pursuant to certain existing agreements between the Selling Shareholders and the Target Company, which agreements, pursuant to the SPA, are required to be terminated prior to and the termination of which are a condition precedent to the closing of the transactions under the SPA.

v. Mr. Prasad Nimmagadda has agreed that he and any entity directly or indirectly controlled by Mr. Prasad Nimmagadda, shall not, for a period ending on the later of (1) three years from the transfer of his shares to the Acquirer in accordance with the SPA, (2) two years following the date or which Prasad Nimmagadda is no longer an employee of the Target Company, or (3) two years following the date or which Prasad Nimmagadda is no longer on the Board of Directors of the Target Company, directly or indirectly, in the territory of the United States, Europe or Asia:

- engage in, continue in or carry on any Pharmaceutical Business (defined in the SPA to mean research, development, manufacturing, distribution, sales and marketing of branded and generic pharmaceutical products, including active pharmaceutical ingredients, as conducted by the Target Company or any of its subsidiaries on the date of the SPA and the activities relating to biogenerics, antiretrovirals and finished dosage form products, as contemplated to be conducted by the Target Company or any of its subsidiaries as of the date hereof, including owning any controlling financial interest in any corporation, partnership, firm, entity or other form of business organization which is so engaged);
- consult with, advise or assist in any way, whether or not for consideration, any corporation, partnership, firm, entity or other form of business organization which engages or carries out any Pharmaceutical Business and is now or becomes a competitor of the PAC or Acquirer or their respective affiliates, in any aspect, including advertising or otherwise endorsing the products of any intermediary for any such competitor, loaning money or rendering any other form of financial assistance to or engaging in any form of business transaction on other than an arm's length basis with any such competitor; or
- engage in any practice the purpose or effect of which is to evade the provisions set forth above; provided; however; that this restriction shall not prohibit (i) actions by Prasad Nimmagadda pursuant to the SPA or the other transaction documents contemplated by the SPA or (ii) Prasad Nimmagadda's ownership of securities of corporations which are listed on a national securities exchange or traded in a national over-the-counter market in an amount which shall not exceed 5% of the outstanding shares of any such corporation.

d) The details of the Sellers are as follows:

Seller	Address	Contact Nos.
Prasad Nimmagadda	Plot No. D-19, Gayatri Arcade, Vikrampuri, Kharkhana, Secunderabad, 500 009, India	Tel: +91 40 5549 3556 Fax: +91 90 6633 6601
Prasad Nimmagadda - HUF	202, 2nd Floor, Gayatri Arcade, Plot No. D-19, Vikrampuri, Kharkhana, Secunderabad, 500 009, India	Tel: +91 40 5549 3556 Fax: +91 40 2789 1353
G2 Corporate Services Limited	202, 2nd Floor,Gayatri Arcade, Plot No. D-19, Vikrampuri, Kharkhana, Secunderabad, 500 009, India	Tel: +91 40 5549 3556 Fax: +91 40 2789 1353

Seller	Address	Contact Nos.
India Newbridge Investments Limited	4th Floor, Li Wan Po House, 12 Remy Ollier Street, Port Louis, Mauritius	Tel: +230 210 4000 Fax: +230 211 7549
India Newbridge Coinvestment Limited	4th Floor, Li Wan Po House, 12 Remy Ollier Street, Port Louis, Mauritius	Tel: +230 210 4000 Fax: +230 211 7549
India Newbridge Partners FDI Limited	4th Floor, Li Wan Po House, 12 Remy Ollier Street, Port Louis, Mauritius	Tel: +230 210 4000 Fax: +230 211 7549
Maxwell (Mauritius) Pte. Limited	3rd Floor, TM Building, Pope Hennessy Street, Port Louis, Mauritius	Tel: +230 207 1000 Fax: +230 208 7949
Spandana Foundation	Plot No. D-19, Gayatri Arcade, Vikrampuri, Kharkhana, Secunderabad, 500 009, India	Tel: +91 40 5549 3556 Fax: +91 40 2789 1353

e) An agreement has also been executed amongst *inter alia*, the Acquirer and Mr. Prasad Nimmagadda, on August 28, 2006, in respect of mutual rights and obligations of the Acquirer and Mr. Prasad Nimmagadda in respect of their respective shareholding in the Target Company ("**Shareholders Agreement**"/"**SHA**"). The SHA terminates on the earlier of thirty days following the third anniversary of the closing of the SPA or on either the Acquirer or Mr. Prasad Nimmagadda ceasing to hold any shares in the Target Company, except that the right of first offer described below will survive termination. Some of the salient features of the Shareholders Agreement are as follows:

i. The Acquirer and Mr. Prasad Nimmagadda have each agreed to not dispose of their shares in the Target Company other than in accordance with the Shareholders Agreement.

ii. The Acquirer has the right of first offer vis-à-vis the shares of Mr. Prasad Nimmagadda, such that if Mr. Prasad Nimmagadda desires to transfer his shares of the Target Company, Mr. Prasad Nimmagadda is required to first offer to sell such shares to the Acquirer, specifying the number and the price of the shares that are proposed to be transferred and the Acquirer has an exclusive and irrevocable option to purchase such shares within the specified time period. Only if the Acquirer declines to purchase such shares, or fails to deliver the required notice of its election, within the specified time period, Mr. Prasad Nimmagadda may, during the ninety-day period after the Acquirer's decline to purchase such shares or its failure to provide the required notice of its election within the specified time period, offer to transfer such shares to a third party at any price in excess of the price for such shares offered to the Acquirer;

iii. The Acquirer has a drag-along right, such that if the Acquirer desires to sell its shares of the Target Company, the Acquirer has the right to require, by providing the required notice, that Mr. Prasad Nimmagadda sell all of his shares of the Target Company, provided, that, Mr. Prasad Nimmagadda is only required to sell his shares of the Target Company pursuant to the drag-along right if (i) the Acquirer is not treated any more favorably than Mr. Prasad Nimmagadda in such sale, (ii) the price for the shares is not less than the average of the closing prices of the Target Company's shares on the National Stock Exchange of India Limited during the three-month period preceding notice of such proposed sale by the Acquirer, and (iii) the price for such shares is payable in cash;

iv. Mr. Prasad Nimmagadda has a tag-along right, such that in the event the Acquirer proposed to sell its shares in the Target Company, the Acquirer is required to provide notice of such proposed sale to Mr. Prasad Nimmagadda within the specified time period and Mr. Prasad Nimmagadda has the right to participate in such sale, by providing notice to the Acquirer within the specified time period, and thereafter sell up to the number of shares of the Target Company equal to his pro rata portion of the Target Company shares proposed to be sold in such transaction, with such pro rata portion calculated on the basis of the number of the Target Company shares owned by each of the Acquirer and Mr. Prasad Nimmagadda on the date of the consummation of the SPA;

v. Mr. Prasad Nimmagadda is obligated to exercise his voting rights in the Target Company in such a manner that the board of directors of the Target Company shall be nominated, removed and replaced by Acquirer in its discretion;

vi. The parties to the SHA shall vote and cause their respective affiliates to vote, and use their respective best efforts to cause Mr. Robert J. Coury (or another nominee of the Acquirer if it is not reasonably practicable for Mr. Robert J. Coury to serve) to serve as the non-executive chairman of the board of directors of the Target Company. As long as Mr. Prasad Nimmagadda continues to own five percent (5%) of the issued and outstanding capital of the Target Company calculated as of the date of the consummation of the SPA, Mr. Prasad Nimmagadda shall serve as the vice-chairman of the board of directors of the Target Company.

f) The transactions contemplated by the SPA and the SHA are together referred to hereinafter as the Transaction.

g) The Sellers, excluding the Spandana Foundation, Prasad Nimmagadda-HUF and G2 Corporate Services Limited, have agreed to use a portion of the proceeds from their sale of Matrix shares pursuant to the SPA, approximately USD 164,000,000 in the aggregate, to acquire shares of newly-issued Mylan common stock in a private sale at a price of USD 20.85 per share, which is conditioned upon the closing of the SPA and other customary closing conditions. The shares of Mylan common stock to be acquired by such Sellers represent, in the aggregate, approximately 3.6% of the outstanding shares of Mylan common stock after giving effect to the new issuance of Mylan common stock in such private sale and based on the number of shares of Mylan common stock outstanding as of October 31, 2006.

h) No person (other than the PAC) is acting in concert with the Acquirer for the purpose of this Offer. Indian Promoters shareholding of 5% after the offer will be held by Mr. Prasad Nimmaggada and G2 Corporate Services Limited. Mr. Prasad Nimmaggada and G2 Corporate Services Limited, a body corporate in which Mr. Prasad Nimmaggada has majority control, are Indian promoters of the Target Company and this fact has been duly disclosed in filings with the stock exchanges. Mr. Prasad Nimmaggada and G2 Corporate Services Limited will not be selling their entire stake in the Target Company pursuant to the SPA and shall enjoy a number of rights under the SHA. Among other rights, Mr. Prasad Nimmaggada is entitled to be appointed as Non-Executive Vice Chairman of the Target Company. As such, Mr. Prasad Nimmaggada may be deemed to continue to exercise some degree of control over the Target Company along with the Acquirer and the Parent until the termination of the SHA. Therefore, Mr. Prasad Nimmaggada and G2 Corporate Services Limited shall continue to remain as Indian Promoters of the Target Company until the termination of the SHA.

i) Neither the Acquirer/PAC nor any of its directors directly hold any shares in Matrix as of the date of the PA and this Letter of Offer. The Acquirer and the PAC have not held any shares of Matrix in the past. Accordingly, no shares of Matrix have been acquired by them in the last twelve months preceding the date of the PA. However, following the consummation of the transaction disclosed in paragraph 2.1(b), the Acquirer will own approximately 51.5% of the fully paid-up voting equity shares in Matrix.

j) The Acquirer, the PAC, the Sellers and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act.

k) Upon the satisfactory completion of the Offer and the satisfactory closing of the Transaction, there would take place a change in control over the Target Company and the board of directors of the Target Company would be suitably reconstituted in accordance with all applicable laws to reflect this change in control. Apart from the persons mentioned in 2.1(e) (iv) above, the other directors who would be appointed to the board of directors of the Target Company would be decided at the appropriate time.

l) The SPA is in compliance with Regulation 22 (16) of the SEBI (SAST) Regulations.

2.2 **The Details of the Offer**

a) The PA dated August 29, 2006 was made in the following newspapers, in accordance with Regulation 15 of the SEBI (SAST) Regulations:

Publication	**Editions**
Financial Express	All Editions
Jansatta	All Editions
Navshakti	Mumbai
Vaartha	Hyderabad

(The PA is also available at the SEBI website: www.sebi.gov.in)

b) The Acquirer along with the PAC is making this Offer to the public Shareholders of Matrix ("**Shareholders**") to acquire up to 30,831,962 fully paid-up voting equity shares of Rs. 2/- each, and up to 4,700 partly paid-up equity shares of Rs. 2/- each, representing in aggregate 20.0% of the fully diluted voting share capital of Matrix at a price of Rs. 306 (Rupees Three hundred and Six only) per fully paid-up equity share and Rs. 294 (Rupees Two hundred and ninety four only) per partly paid-up equity share ("**Offer Price**"), payable in cash and subject to the terms and conditions mentioned hereinafter. The fully diluted equity capital of Matrix is composed of 154,183,310 equity shares of Rs. 2/- each comprising 153,805,575 fully paid-up voting equity shares, vested options pending exercise by employees for 354,235 equity shares and 23,500 partly paid-up equity shares. In terms of Regulation 20(10), the Offer Price of Rs. 294 for every partly paid-up share has been calculated as the difference between the Offer Price per fully paid-up share of Rs. 306 and the calls-in-arrears of Rs.5 per share along with interest of Rs. 7 per share payable on the amount remaining unpaid on such partly paid up equity shares. The interest payable on such amount remaining unpaid is payable for the period from the date appointed for payment thereof to the time of actual payment, at the rate of 12% per annum, as per the Articles of Association of Matrix.

c) The Acquirer will acquire shares of Matrix tendered by the Shareholders of Matrix in terms of this Offer, subject to certain conditions and other terms and conditions set out in the PA and this Letter of Offer. This Offer is made to the public Shareholders, accordingly the promoters of Matrix and parties to the SPA are ineligible to participate in the Offer.

d) The Offer is not conditional on any minimum level of acceptance by the Shareholders.

e) Neither the Acquirer nor the PAC acquired any further shares in the Target Company after the date of the PA.

2.3. Object of the Offer and the Acquirer's Future Plans for Matrix

a) The Offer to the Shareholders is being made following the transaction referred in paragraph 2.1(b) above, which upon conclusion will result in substantial acquisition of shares and control of Target Company. In accordance with Regulations 10 and 12 read with Regulation 14 (1) of the SEBI (SAST) Regulations, the Acquirer along with the PAC is making this Offer to the Shareholders.

b) By this proposed acquisition, Mylan is executing on its commitment to establish a global platform, expand its dosage forms and therapeutic categories, and deepen and enhance its vertical integration.

c) As of the date of the PA, the Acquirer along with PAC had no plan to sell, dispose of or otherwise encumber any assets of the Target Company in the next two years, except to the extent (i) that may be required for the purposes of restructuring or rationalization of assets, investments, liabilities or otherwise of the Target Company or (ii) in the ordinary course of business of the Target Company. Further Acquirer and PAC undertake not to sell, dispose or otherwise encumber any substantial assets of the Target Company, except with the prior approval of the shareholders of the Target Company, in accordance with law. It will be the responsibility of the Board of Directors of the Target Company to make appropriate decisions in these matters, in accordance with the requirements of the business of the Target Company. Such decisions will be governed by the provisions of the relevant regulations or any other applicable laws or legislation at the relevant time.

3 BACKGROUND OF THE ACQUIRER

MP Laboratories (Mauritius) Ltd ("Acquirer")

a) The Acquirer is an unlisted company incorporated in Mauritius on August 25, 2006 under the Companies Act, 2001 of Mauritius, with its registered office located at Fourth Floor, IBL House, Caudan, Port Louis, Mauritius.

b) The Acquirer is an indirect wholly-owned subsidiary of Mylan. The entire paid-up capital of the Acquirer is held by Mylan International Holdings, Inc., which is a wholly-owned subsidiary of Mylan.

c) The Acquirer is an investment holding company.

d) The Acquirer has no existing business in India.

e) The Acquirer has not promoted any company in India for the last three years.

f) The Acquirer has never acquired any shares of a listed Indian company and as such, the Acquirer has never incurred any obligation under Chapter II of SEBI (SAST) Regulations.

g) The Board of Directors of the Acquirer as on the date of the PA was, and as of the date of this Letter of Offer is, as follows:

Directors and Mailing Address	**Designation,Date of appointment, Qualification**	**Experience**
Robert J. Coury 1500 Corporate Drive Canonsburg Pennsylvania 15317	• Director since August 25, 2006 • Bachelor of Science in Industrial Engineering from the University of Pittsburgh	• Mr. Coury is also the Vice Chairman of the Board and Chief Executive Officer of Mylan. Prior to joining Mylan, Mr. Coury was Chief Executive Officer and principal owner of Coury Consulting L.P., a corporate strategy advisory firm he formed in 1989
Edward J. Borkowski CPA 1500 Corporate Drive Canonsburg Pennsylvania 15317	• Director since August 25, 2006 • Bachelor of Science in Economics from Allegheny College • Masters in Business Administration in Finance and Accounting from Rutgers University	• Mr. Borkowski is also the Chief Financial Officer of Mylan. Prior to joining Mylan in 2002, he was employed by the Consumer Healthcare Group of Pharmacia Corporation, where he served as Assistant Vice President, North American Finance and Administration and later as Vice President, Global Finance and Information Technology
Kristin A. Kolesar 1500 Corporate Drive Canonsburg Pennsylvania 15317	• Director since August 25, 2006 • Bachelor of Arts in Economics and Business Administration from the University of Notre Dame • Juris Doctorate from Notre Dame Law School	• Ms. Kolesar is also Mylan's Senior Corporate and Compliance Counsel. Before joining Mylan in 2003, she was an associate in the Business and Finance Section of the Securities Practice Group at Morgan Lewis
Jimmy Wong Fourth Floor IBL House Caudan, Port Louis Mauritius	• Director since August 25, 2006 • Fellow of the Institute of Chartered Accountants in England and Wales • Member of the Society of Trust and Estate Practitioners	• Managing Director, DTOS Ltd. (Director since May 2002) • Partner, Kemp Chatteris, Delloitte & Touche, Chartered Accountants (May 2002 to June 2003) • Partner, De Chazal du Mee, Chartered Accountants (December 1992 to April 2002) • Director, Multiconsult Ltd. (December 1992 to April 2002)
Eric A. Venpin Fourth Floor, IBL House Caudan, Port Louis Mauritius	• Director since August 25, 2006 • Fellow of the Institute of Chartered Accountants in England and Wales • Member of the Society of Trusts and Estate Practitioners	• Managing Director, Mauritian Eagle Insurance Co. Ltd. since January 2005 • Director DTOS Ltd. since 1995 • Partner, Kemp Chatteris Delloitte & Touche, Chartered Accountants, Mauritius (July 1998 to June 2003)

h) The directors of the Acquirer have not acquired any shares in Matrix during the preceding 12 months.

i) None of the Directors of the Acquirer are also on the Board of Matrix.

j) The Acquirer's shares are not listed on any stock exchange.

k) The paid-up capital of the Acquirer is USD 1 (Rs 46.61) consisting of 1 share each of face value of USD 1 (Rs. 46.61) per equity share as on the date of the PA. Since it was recently incorporated, no financial statements of Acquirer have been prepared.

l) Major contingent liabilities: Not applicable as on the date of the PA as stated in (k) above.

m) Significant accounting policies of the Acquirer: Not applicable as on the date of the PA as stated in (k) above.

n) Other than as planned pursuant to the SPA, the Acquirer has not made any acquisition of shares in the Target Company.

o) The Acquirer has not promoted any other company.

4 BACKGROUND OF THE PERSON ACTING IN CONCERT

Mylan Laboratories Inc. ("Mylan"/"PAC")

a) Mylan is a corporation, incorporated under the laws of the Commonwealth of Pennsylvania, with its corporate headquarters at 1500 Corporate Drive, Canonsburg, Pennsylvania 15317 and registered address at c/o Corporation Service Company, 2704 Commerce Drive, Harrisburg, Pennsylvania 17110.

b) Mylan is a leading pharmaceutical company with three principal subsidiaries, Mylan Pharmaceuticals Inc., Mylan Technologies Inc. and UDL Laboratories, Inc., that develop, license, manufacture, market and distribute an extensive line of generic and proprietary products. Mylan's product portfolio includes approximately 150 pharmaceutical products of which approximately 140 are in capsule or tablet form in approximately 345 dosage strengths. During the most recent fiscal year, Mylan shipped over 12.6 billion dosages. Mylan was founded in 1961 and has been listed on the New York Stock Exchange ("**NYSE**") since 1986. Mylan was added to the S&P 500 index in 2004.

c) The equity share capital of Mylan as of March 31, 2006 was USD 154.6 mm (Rs. 7,205.9 mm) divided into 309,150,251 (including shares held in Treasury) shares of a face value of USD 0.50 each.

d) Mylan's shares are listed on the NYSE. The closing price of the shares of Mylan on the NYSE as on September 8, 2006 was USD 20.24 (Rs 943.39).

e) Mylan does not belong to any group. Only one shareholder, Lord, Abbett & Co. LLC, beneficially owns in excess of 5% of Mylan's outstanding common stock (around 8.6% of Mylan's outstanding common stock as per the SEC filing in June 2006).

f) The shareholding pattern of the outstanding common stock of Mylan as on September 1, 2006 was as follows:

Shareholder Category	No. of Shares	Percentage of Shares
Insiders	9,546,012	4.5%
Institutions	128,364,034	60.9%
Individuals	72,901,056	34.6%

g) Mylan has no existing business in India. Mylan has not promoted any company in India for the last three years.

h) There were no acquisitions of stock of another entity, mergers, de-mergers or spin offs during the last 3 years involving Mylan.

i) Mylan has never acquired any shares of a listed Indian company and is therefore not in violation of any provision of Chapter II of SEBI (SAST) Regulations.

j) The Board of Directors of Mylan as on the date of the PA was, and as of the date of this Letter of Offer is, as follows:

Directors and Mailing Address	Designation, Date of appointment, Qualification	Experience
Milan Puskar c/o Corporate Secretary 1500 Corporate Drive Canonsburg Pennsylvania 15317	• Co-founder and Chairman • Bachelor of Science in Engineering from Youngstown State University • Director since 1976	• Mr. Puskar co-founded Mylan in 1961 and has served as its Chairman of the Board since 1993. In 1972, he joined ICN Pharmaceuticals Inc. as Vice President and General Manager of the Cincinnati division. In 1975, Mr. Puskar became a partner of Elan Corporation in Dublin, Ireland. In 1976, he returned to Mylan, serving as President from 1976 to 2000, Chief Executive Officer from 1993 to 2002, and Vice Chairman from 1980 to 1993
Robert J. Coury c/o Corporate Secretary 1500 Corporate Drive Canonsburg Pennsylvania 15317	• Vice Chairman and CEO • Bachelor of Science in Industrial Engineering from the University of Pittsburgh • Director since 2002	• Mr. Coury has served as Mylan's Vice Chairman of the Board since March 2002 and as its Chief Executive Officer since September 2002. Prior to joining Mylan, Mr. Coury was Chief Executive Officer and principal owner of Coury Consulting L.P., Pittsburgh, Pennsylvania, a corporate strategy advisory firm he formed in 1989
Wendy Cameron c/o Corporate Secretary 1500 Corporate Drive Canonsburg Pennsylvania 15317	• Member of the Compensation Committee and the Governance and Nominating Committee • Bachelor of Science in Business Management from Otterbine College • Bachelor of Science in Equine Science from Otterbine College • Director since 2002	• Ms. Cameron has served as a director and co-owner of Cam Land LLC, a harness racing business in Washington, Pennsylvania, since 2003. From 1981 to 1998, Ms. Cameron served as Vice President, Divisional Sales and Governmental Affairs for Cameron Coca-Cola Bottling Company, Inc., one of the largest bottlers in the United States
Neil Dimick, CPA c/o Corporate Secretary 1500 Corporate Drive Canonsburg Pennsylvania 15317	• Chairman of the Finance Committee and Member of the Audit Committee • Bachelor of Science in Accounting from Brigham Young University • Director since 2005	• Mr. Dimick is currently retired and served as Executive Vice President and Chief Financial Officer of AmerisourceBergen Corporation from 2001 to 2002, before which he was Senior Executive Vice President and Chief Financial Officer of Bergen Brunswig Corporation from 1992 to 2001. Mr. Dimick also serves on the boards of Alliance Imaging, Inc. Resources Connection, Inc., Thoratec Corporation and Emdeon Corporation (formerly WebMD Corporation)

Directors and Mailing Address	Designation, Date of appointment, Qualification	Experience
Douglas J. Leech, CPA c/o Corporate Secretary 1500 Corporate Drive Canonsburg Pennsylvania 15317	• Chairman of the Audit Committee and the Governance and Nominating Committee and Member of the Compliance Committee and the Finance Committee • Bachelor of Science in Business Administration from Penn State University • Graduate of the Stonier Graduate School of Banking at the University of Delaware, as well as of the National Commercial Lending School at the University of Oklahoma • Director since 2000	• Mr. Leech currently serves as Chairman, President and Chief Executive Officer of Centra Bank, Inc. and Centra Financial Holdings, Inc. He previously held a variety of positions at Huntington National Bank, including Chief Executive Officer and President
Joseph C. Maroon, M.D. c/o Corporate Secretary 1500 Corporate Drive Canonsburg Pennsylvania 15317	• Member of the Compensation Committee • Received his undergraduate and medical education at the University of Indiana • Director since 2003	• Dr. Maroon currently serves as Professor, Heindl Scholar in Neuroscience and Vice Chairman of the Department of Neurosurgery, at the University of Pittsburgh Medical Center where he previously served as Chief of Neurosurgery from 1972 to 1984
Rodney L. Piatt, CPA c/o Corporate Secretary 1500 Corporate Drive Canonsburg Pennsylvania 15317	• Chairman of the Compensation Committee and Member of the Audit Committee, Finance Committee and Governance and Nominating Committee • Bachelor of Science in Accounting from the University of Tampa • Director since 2004	• Mr. Piatt is the President and owner of Horizon Properties, a real estate development company that he founded in 1996. From 1999 to 2005, he served as Vice Chairman of Community Bank, N.A., a publicly held national bank in Carmichaels, Pennsylvania.
C.B. Todd c/o Corporate Secretary 1500 Corporate Drive Canonsburg Pennsylvania 15317	• Chairman of the Compliance Committee • Bachelor of Science in Chemistry from Emory & Henry College • Director since 1993	• Mr. Todd is currently retired and served as Mylan's President and Chief Operating Officer from 2001 until 2002. Prior to this, Mr. Todd held positions with Mylan in various capacities from 1970 until his initial retirement in 1999, including Senior Vice President from 1987 to 1999; President, Mylan Pharmaceuticals from 1987 to 1991; and Vice President, Quality Control, Mylan Pharmaceuticals from 1978 to 1987.
Randall L. Vanderveen, Ph.D., R.Ph. c/o Corporate Secretary 1500 Corporate Drive Canonsburg Pennsylvania 15317	• Member of the Compliance Committee • Bachelor of Science in Pharmacy from Purdue University • Masters of Science in clinical pharmacy from Purdue University • Ph.D. in University Administration from Michigan State University • Director since 2002	• Dr. Vanderveen has served as Dean and John Stauffer Decanal Chair of the University of Southern California School of Pharmacy since September 2005. Previously, he served as Dean of the School of Pharmacy and Graduate School of Pharmaceutical Science and Professor of Pharmacy at Duquesne University from 1998 to 2005, before which he served as Assistant Dean and Associate Professor at Oregon State University

k) None of the directors of Mylan have acquired any shares in Matrix during the preceding 12 months.

l) None of the Directors of Mylan are on the Board of Matrix.

m) Key Financial information derived from audited consolidated financial statements of Mylan (prepared under US GAAP):

Profit & Loss Statement	Fiscal Year ended March 31, 2004	Fiscal Year ended March 31, 2005	Fiscal Year ended March 31, 2006	Fiscal Year ended March 31, 2004	Fiscal Year ended March 31, 2005	Fiscal Year ended March 31, 2006
	Amount in USD mm			Amount in Rs. mm		
Total revenues	1,374.62	1,253.37	1,257.16	64,071.04	58,419.58	58,596.23
Cost of sales	612.15	629.83	629.55	28,532.31	29,356.38	29,343.33
Gross profit	762.47	623.54	627.62	35,538.73	29,063.20	29,253.37
Operating expenses	267.67	321.37	340.23	12,476.10	14,979.06	15,858.12
Earnings from operations	494.80	302.17	287.39	23,062.63	14,084.14	13,395.25
Interest Expense	-	-	31.29	-	-	1,458.43
Other income, net	17.81	10.08	18.50	830.12	469.83	862.29
Earnings before income taxes	512.61	312.25	274.61	23,892.75	14,553.97	12,799.57
Provision for income taxes	178.00	108.66	90.06	8,296.58	5,064.64	4,197.70
Net earnings	334.61	203.59	184.54	15,596.17	9,489.33	8,601.41

Balance Sheet Statement	Fiscal Year ended March 31, 2004	Fiscal Year ended March 31, 2005	Fiscal Year ended March 31, 2006	Fiscal Year ended March 31, 2004	Fiscal Year ended March 31, 2005	Fiscal Year ended March 31, 2006
	Amount in USD mm			Amount in Rs. mm		
Total current assets	1,327.61	1,528.45	1,191.90	61,879.90	71,241.05	55,554.46
Property, plant and equipment, net	273.05	336.72	406.88	12,726.86	15,694.52	18,964.68
Intangible assets, net	134.60	120.49	105.60	6,273.71	5,616.04	4,922.02
Goodwill	102.58	102.58	102.58	4,781.25	4,781.25	4,781.25
Other assets	47.22	47.43	63.58	2,200.92	2,210.71	2,963.46
Total assets	1,885.06	2,135.67	1,870.53	87,862.65	99,543.58	87,185.40
Liabilities & Shareholders' Equity						
Liabilities						
Total Current Liabilities	183.54	245.51	265.25	8,554.80	11,443.22	12,363.30
Deferred Revenue	-	-	89.42	-	-	4,167.87
Long-term debt	-	-	685.19	-	-	31,936.71
Other long-term obligations	41.73	44.23	43.02	1,945.04	2,061.56	2,005.16
Total Liabilities	**225.27**	**289.74**	**1,082.88**	**10,499.83**	**13,504.78**	**50,473.04**
Shareholders' Equity						
Total Shareholders' Equity	**1,659.79**	**1,845.94**	**787.65**	**77,362.81**	**86,039.26**	**36,712.37**
Total Liabilities & Shareholders' Equity	**1,885.06**	**2,135.67**	**1,870.53**	**87,862.65**	**99,543.58**	**87,185.40**

Other Financial Data	Fiscal Year ended March 31, 2004	Fiscal Year ended March 31, 2005	Fiscal Year ended March 31, 2006	Fiscal Year ended March 31, 2004	Fiscal Year ended March 31, 2005	Fiscal Year ended March 31, 2006
	Amount in USD			Amount in Rs.		
Dividend per share	0.10	0.12	0.24	4.66	5.59	11.19
Earning Per Share (diluted)	1.21	0.74	0.79	56.40	34.49	36.82
Return on Net worth	20%	11%	23%	20%	11%	23%
Book Value Per Share (diluted)	6.01	6.75	3.36	280.12	314.61	156.60

n) Contingent liabilities:

Mylan is a party to various lawsuits. While it is not possible to determine with any degree of certainty the ultimate outcome of these legal proceedings, Mylan believes that it has meritorious defenses with respect to the claims asserted against it and intends to vigorously defend its position. An adverse outcome in any of these proceedings could have a material adverse effect on Mylan's financial position and results of operations. Please refer to paragraph 4(s) for further details of pending litigation matters.

o) Reasons for rise/ fall in the total income and Net Income:

Fiscal 2006 Compared to Fiscal 2005

For the fiscal year ended March 31, 2006, net revenues decreased by USD 7.8 million (Rs. 363.56 million) or 1% to USD 1.24 billion (Rs. 57.80 billion) from USD 1.25 billion (Rs. 58.42 billion) in the prior fiscal year. New products launched during the year contributed USD 6.7 million (Rs. 312.29 million) to net revenues in the current year, compared to USD 87.3 million (Rs. 4,069.05 million) in the prior year. However, fiscal 2006 net revenues did benefit from a full year of sales of fentanyl, as well as other products launched during fiscal 2005. Additionally, favorable volume essentially offset price erosion on certain products within Mylan's portfolio. Fiscal 2006 included other revenues of USD 17.2 million (Rs. 801.69), compared to USD 5.6 million (Rs. 261.02 million) in the prior year. The majority of the increase in the current year is the result of income recognized on the sale of Mylan's Apokyn product in the third fiscal quarter.

Earnings from operations decreased in fiscal 2006 due to costs related to Mylan's restructuring and closure of its Mylan Bertek subsidiary.

Total shareholders' equity decreased from March 31, 2005 to March 31, 2006 primarily due to the execution of the share repurchase program, resulting in a total of 63,877,251 repurchased shares.

Total current liabilities increased from March 31, 2005 to March 31, 2006 due to the accrual of $12 million related to the lorazepam and clorazepate litigation, and also due to the current portion of deferred revenue, which was new in fiscal 2006.

Net earnings for fiscal 2006 were USD 184.54 million (Rs. 8,601.41 million) compared to USD 203.59 million (Rs. 9,489.33 million) in fiscal 2005, a decrease of USD 19.05 million (Rs. 887.92 million) or 9%. In the same period, however, earnings per diluted share increased from USD 0.74 (Rs. 34.49) in fiscal 2005 to USD 0.79 (Rs. 36.82) in fiscal 2006.

Fiscal 2005 Compared to Fiscal 2004

For fiscal 2005, net revenues decreased to USD 1.25 billion (Rs. 58.26 billion) from USD 1.36 billion (Rs. 63.16 billion) in the prior year. Favorable volume and new products, which contributed net revenues of USD 87.3 million (Rs. 4,069.05 million), partially offset the impact of overall unfavorable pricing. On an overall basis, volume shipped for the year increased by over 5% to 12.5 billion doses. Total revenue decreased from March 31, 2004 to March 31, 2005 due to decreased pricing as a result of additional competition on Amnesteem. Earnings from operations decreased for fiscal 2005, as compared to fiscal 2004, due to lower gross profit, as a result of lower pricing and also costs related to the terminated acquisition of King Pharmaceuticals, Inc.. Total current liabilities increased from March 31, 2004 to March 31, 2005 due to increased accounts payable and income taxes payable. Net earnings for fiscal 2005 were USD 203.59 million (Rs. 9,489.42 million) compared to USD 334.61 million (Rs. 15,596.17 million) in fiscal 2004, a decrease of 39%. Earnings per diluted share decreased from USD 1.21 (Rs. 56.40) in fiscal 2004 to USD 0.74 (Rs. 34.49) in fiscal 2005.

Fiscal 2004 Compared to Fiscal 2003

Revenues for fiscal 2004 were USD 1.37 billion (Rs. 63.86 billion) compared to USD 1.27 billion (Rs. 59.19 billion) for fiscal 2003, an increase of 8% or USD 105.4 million (Rs. 4,912.69 million). This increase was the result of new products, primarily omeprazole, and relatively stable pricing, partially offset by lower volume. Fiscal 2004 also benefited from a full year of sales of amnesteem, which was launched in the third quarter of fiscal 2003.

Net earnings for fiscal 2004 were USD 334.61 million (Rs. 15,596.17 million) compared to USD 272.35 million (Rs. 12,694.37 million) in fiscal 2003, an increase of 23%. Earnings per diluted share increased from USD 0.96 (Rs. 44.75) in fiscal 2003 to USD 1.21 (Rs. 56.40) in fiscal 2004.

p) Significant accounting policies of Mylan are as follows (Reference to we/the Company in this paragraph refers to Mylan):

- ***Principles of Consolidation.*** The Consolidated Financial Statements include the accounts of Mylan Laboratories Inc. and those of its wholly owned and majority-owned subsidiaries. All intercompany accounts and transactions are eliminated in consolidation.
- ***Cash Equivalents.*** Cash equivalents are composed of highly liquid investments with an original maturity of three months or less at the date of purchase.
- ***Marketable Securities.*** Marketable securities are classified as available for sale and are recorded at fair value based on quoted market prices, with net unrealized gains and losses, net of income taxes, reflected in accumulated other comprehensive earnings as a component of shareholders' equity. Net gains and losses on sales of securities available for sale are computed on a specific security basis and are included in other income.
- ***Inventories.*** Inventories are stated at the lower of cost or market, with cost determined by the first-in, first-out method. We have made, are in the process of making and/or will scale-up and make commercial quantities of certain products prior to the date we anticipate that such products will receive final U.S. Food and Drug Administration ("FDA") marketing approval and/or satisfactory resolution of patent infringement litigation involving them (i.e., pre-launch inventories). The scale-up and commercial production of pre-launch inventories involves the risk that such products may not be approved for marketing by the FDA on a timely basis, or ever, and/or that the outcome of related litigation may not be satisfactory. This risk notwithstanding, we plan to continue to scale-up and build pre-launch inventories of certain products that have not yet received final FDA approval and/or satisfactory resolution of patent infringement litigation when we believe that such action is appropriate in relation to the commercial value of the product launch opportunity. Provisions for potentially

obsolete or slow-moving inventory, including pre-launch inventory, are made based on our analysis of inventory levels, historical obsolescence and future sales forecasts.

- ***Property, Plant and Equipment.*** Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed and recorded on a straight-line basis over the assets' estimated service lives (3 to 10 years for machinery and equipment and 15 to 39 years for buildings and improvements). The Company periodically reviews the original estimated useful lives of assets and makes adjustments when appropriate.

- ***Intangible Assets.*** Intangible assets are stated at cost less accumulated amortization. Amortization is generally recorded on a straight-line basis over estimated useful lives ranging from 2 to 20 years. The Company periodically reviews the original estimated useful lives of assets and makes adjustments when events indicate a shorter life is appropriate.

- ***Impairment of Long-Lived Assets.*** The carrying values of long-lived assets, which include property, plant and equipment and intangible assets with definite lives, are evaluated periodically in relation to the expected future cash flows of the underlying assets. Adjustments are made in the event that estimated undiscounted net cash flows are less than the carrying value. Goodwill is tested for impairment at least annually based on management's assessment of the fair value of the Company's identified reporting units as compared to their related carrying value. If the fair value of a reporting unit is less than its carrying value, additional steps, including an allocation of the estimated fair value to the assets and liabilities of the reporting unit, would be necessary to determine the amount, if any, of goodwill impairment. Indefinite-lived intangibles are tested at least annually for impairment. Impairment is determined to exist when the fair value is less than the carrying value of the assets being tested.

- ***Other Assets.*** Investments in business entities in which we have the ability to exert significant influence over operating and financial policies (generally 20% to 50% ownership) are accounted for using the equity method. Under the equity method, investments are initially recorded at cost and are adjusted for dividends, distributed and undistributed earnings and losses, and additional investments. Other assets are periodically reviewed for other-than-temporary declines in fair value.

- ***Revenue Recognition.*** Mylan recognizes revenue for product sales upon shipment when title and risk of loss pass to its customers and when provisions for estimates, including discounts, rebates, price adjustments, returns, chargebacks, and other promotional programs, are reasonably determinable. The following briefly describes the nature of each provision and how such provisions are estimated.

  Discounts are reductions to invoiced amounts offered to customers for payment within a specified period and are estimated upon shipment utilizing historical customer payment experience.

  Rebates are offered to key customers to promote customer loyalty and encourage greater product sales. These rebate programs provide that upon the attainment of pre-established volumes or the attainment of revenue milestones for a specified period, the customer receives credit against purchases. Other promotional programs are incentive programs periodically offered to our customers. The Company is able to estimate provisions for rebates and other promotional programs based on the specific terms in each agreement at the time of shipment.

  Consistent with industry practice, Mylan maintains a return policy that allows customers to return product within a specified period prior to and subsequent to the expiration date. The Company's estimate of the provision for returns is based upon historical experience with actual returns.

  Price adjustments, which include shelf stock adjustments, are credits issued to reflect decreases in the selling prices of products. Shelf stock adjustments are based upon the amount of product which the customer has remaining in its inventory at the time of the price reduction. Decreases in selling prices are discretionary decisions made by the Company to reflect market conditions. Amounts recorded for estimated price adjustments are based upon specified terms with direct customers, estimated launch dates of competing products, estimated declines in market price and, in the case of shelf stock adjustments, estimates of inventory held by the customer.

  The Company has agreements with certain indirect customers, such as independent pharmacies, managed care organizations, hospitals, nursing homes, governmental agencies and pharmacy benefit management companies, which establish contract prices for certain products. The indirect customers then independently select a wholesaler from which to actually purchase the products at these contracted prices. Mylan will provide credit to the wholesaler for any difference between the contracted price with the indirect party and the wholesaler's invoice price. Such credit is called a chargeback. The provision for chargebacks is based on expected sell-through levels by our wholesaler customers to indirect customers, as well as estimated wholesaler inventory levels.

  The Company periodically enters into various types of revenue arrangements with third parties, including agreements for the sale or license of product rights or technology, research and development agreements, collaboration agreements and others. These agreements may include the receipt of upfront and milestone payments, royalties, and payment for contract manufacturing and other services.

  The Company recognizes all non-refundable payments as revenue in accordance with the guidance provided in the Securities and Exchange Commission's ("SEC") Staff Accounting Bulletin ("SAB") No. 104, Revenue Recognition, corrected copy and Emerging Issues Task Force Issue No. 00-21, Revenue Arrangements with Multiple Deliverables. Non-refundable fees received upon entering into license and other collaborative agreements where the Company has continuing involvement are recorded as deferred revenue and recognized as other revenue over a period of time.

  Royalty revenue from licensees, which are based on third-party sales of licensed products and technology, is earned in accordance with the contract terms when third-party sales can be reliably measured and collection of the funds is reasonably assured. Royalty revenue is included in other revenue on the consolidated statement of earnings. The Company recognizes contract manufacturing and other service revenue when the service is performed or the product shipped, which is when the Company's partners take ownership and title has passed, collectibility is reasonably assured, the sales price is fixed or determinable and there is persuasive evidence of an arrangement.

- ***Research and Development.*** Research and development expenses are charged to operations as incurred.
- ***Income Taxes.*** Income taxes have been provided for using an asset and liability approach in which deferred income taxes reflect the tax consequences on future years of events that we have already recognized in the financial statements or tax returns. Changes in enacted tax rates or laws will result in adjustments to the recorded tax assets or liabilities in the period that the new tax law is enacted.
- ***Earnings per Common Share.*** Basic earnings per common share is computed by dividing net earnings by the weighted average common shares outstanding for the period. Diluted earnings per common share is computed by dividing net earnings by the weighted average common shares outstanding adjusted for the dilutive effect of stock options, restricted stock or restricted units granted, excluding antidilutive shares, under our stock option plans.
- ***Stock Options.*** On April 1, 2006, the Company adopted the provisions of SFAS 123(R), Share-Based Payment. Prior to the adoption of SFAS 123(R), the Company accounted for stock options in accordance with the provisions of SFAS No. 123, *Accounting for Stock-Based Compensation,* and SFAS No. 148*, Accounting for Stock-Based Compensation-Transition and Disclosure, an amendment of FASB Statement No. 123*, using the intrinsic-value-based method as defined in Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*.

q) Below is information regarding Mylan's direct and indirect wholly-owned subsidiaries. Mylan also owns 50% of the outstanding common stock of Somerset Pharmaceuticals, Inc., a joint venture with Watson Pharmaceuticals, Inc. The Consolidated Financial Statements of Mylan disclosed in paragraph 4(m) above include the accounts of these subsidiaries.

Entity Name	**Date of Incorporation/ Formation**	**Nature of Business**	**Total Capital and Ownership**
Mylan Pharmaceuticals Inc.	January 1, 1961	Develops, manufactures and markets generic pharmaceutical products.	10,000 shares of Common Stock of par value USD 5.00 (Rs. 233.05) each. Total par value capital of USD 50,000.00 (Rs. 2.33 million) (100% owned by Mylan Laboratories Inc.)
Mylan Technologies Inc.	December 10, 1992	Develops, manufactures and markets transdermal pharmaceutical products.	5,000 shares of Common Stock of par value USD 1.00 (Rs. 46.61) each. Total par value capital of USD 5,000.00 (Rs. 0.23 million) (100% owned by Mylan Laboratories Inc.)
UDL Laboratories, Inc.	November 13, 1980	Manufactures and supplies unit dose packaging to healthcare institutions.	50 shares of Common Stock of par value USD 0.00 each. Total par value capital of USD 0.00 (100% owned by Mylan Laboratories Inc.)
Mylan Inc.	June 19, 1986	Manufactures generic pharmaceutical products for sale to other Mylan-controlled entities.	50,000 shares of Common Stock (100% owned by Mylan Laboratories Inc.)
Milan Holding Inc.	January 2, 2001	Manages cash and investments in marketable securities for other Mylan-controlled entities.	100 shares of Common Stock (100% owned by Mylan Laboratories Inc.)
Mylan Caribe, Inc.	March 11, 1997	Holds certain intellectual property.	1,000 shares of Common Stock (100% owned by Mylan Laboratories Inc.)
Mylan International Holdings, Inc.	May 15, 2000	Holding company that holds certain international interests.	5,000 shares of Common Stock of par value USD $0.01 each. Total par value capital of USD 50.00 (Rs. 2,330.5) (100% owned by Mylan Laboratories Inc.)
MLRE LLC	October 1, 2003	Real estate holding company.	100% membership interest held by Mylan Laboratories Inc.
Bertek International, Inc.	January 2, 2001	Holding company that holds certain international interests.	100 shares of Common Stock (100% owned by Mylan Technologies Inc.)
American Triumvirate Insurance Company	March 24, 1987	Captive insurance company.	300 shares of Common Stock (100% owned by Mylan Laboratories Inc.)
Bertek Pharmaceuticals International Limited	September 13, 1996	UK subsidiary which handles regulatory submissions and sales and distribution of pharmaceutical products.	100% of the share capital owned by Bertek International, Inc.

Entity Name	Date of Incorporation/ Formation	Nature of Business	Total Capital and Ownership
Euro Mylan B.V.	August 3, 2000	Holding company which previously held an investment in a foreign entity that was subsequently sold.	100% of the share capital owned by Mylan International Holdings, Inc.
MP Laboratories (Mauritius) Ltd	August 25, 2006	Holding company formed to acquire and hold shares of Matrix.	1 share, owned by Mylan International Holdings, Inc.
MP Air Inc.	January 24, 2003	Travel-related matters.	100 shares of Common Stock (100% owned by Mylan Pharmaceuticals Inc.)
Mylan Bertek Pharmaceuticals Inc.	October 29, 1963	Not applicable	1,000 shares of Common Stock (100% owned by Mylan Laboratories Inc.)

r) Current status of corporate governance:

Proper governance has always been and continues to be an area of great importance to Mylan's Board of Directors, and Mylan has dedicated significant time and resources to ensure that its governance practices are compliant with industry leading recommendations and implemented through effective systems and processes.

Mylan's Board of Directors is composed of 9 members of which 6 members are deemed to be independent. The committees of the Board include the audit committee, the compensation committee, the compliance committee, the finance committee and the governance and nominating committee.

The audit committee, the compensation committee, the compliance committee, the finance committee and the governance and nominating committee are each composed of three independent directors.

s) Status of pending litigation matters

Legal Proceedings

While it is not possible to determine with any degree of certainty the ultimate outcome of the following legal proceedings, Mylan believes that it has meritorious defences with respect to the claims asserted against it and intends to vigorously defend its position. An adverse outcome in any of these proceedings could have a material adverse effect on Mylan's financial position and results of operations.

Omeprazole

In fiscal 2001, Mylan Pharmaceuticals Inc. ("MPI"), a wholly-owned subsidiary of Mylan Labs, filed an Abbreviated New Drug Application ("ANDA") seeking approval from the FDA to manufacture, market and sell omeprazole delayed-release capsules and made Paragraph IV certifications to several patents owned by AstraZeneca PLC ("AstraZeneca") that were listed in the FDA's "Orange Book." On September 8, 2000, AstraZeneca filed suit against MPI and Mylan in the U.S. District Court for the Southern District of New York alleging infringement of several of AstraZeneca's patents. On May 29, 2003, the FDA approved MPI's ANDA for the 10 mg and 20 mg strengths of omeprazole delayed-release capsules, and, on August 4, 2003, Mylan announced that MPI had commenced the sale of omeprazole 10 mg and 20 mg delayed-release capsules. AstraZeneca then amended the pending lawsuit to assert claims against Mylan and MPI and filed a separate lawsuit against MPI's supplier, Esteve Quimica S.A. ("Esteve"), for unspecified money damages and a finding of willful infringement, which could result in treble damages, injunctive relief, attorneys' fees, costs of litigation and such further relief as the court deems just and proper. MPI has certain indemnity obligations to Esteve in connection with this litigation. MPI, Esteve and the other generic manufacturers who are co-defendants in the case filed motions for summary judgment of non-infringement and patent invalidity. On January 12, 2006, those motions were denied, and a non-jury trial regarding liability only commenced on April 3, 2006, and was completed on June 14, 2006.

Lorazepam and Clorazepate

On June 1, 2005, a jury verdict was rendered against Mylan and MPI in the U.S. District Court for the District of Columbia ("D.C.") in the amount of approximately USD 12.0 million (Rs. 559.32 million), which has been accrued for by Mylan. The jury found Mylan willfully violated Massachusetts, Minnesota and Illinois state antitrust laws in connection with API supply agreements entered into between Mylan and its API supplier and broker for two drugs, lorazepam and clorazepate, in 1997, and subsequent price increases on these drugs in 1998. In post-trial filings, the plaintiffs have requested that the verdict be trebled. Plaintiffs are also seeking an award of attorneys' fees, litigation costs and interest on the judgment in unspecified amounts. The case was brought by four health insurers who opted out of earlier class action settlements agreed to by Mylan in 2001 and represents the last remaining claims relating to Mylan's 1998 price increases for lorazepam and clorazepate. Mylan filed a motion for judgment as a matter of law, a motion for a new trial and a motion to reduce verdict, all of which remain pending before the court. If Mylan's post-verdict motions are denied, Mylan intends to appeal to the U.S. Court of Appeals for the D.C. Circuit.

Pricing and Medicaid Litigation

On June 26, 2003, MPI and UDL Laboratories Inc. ("UDL"), a subsidiary of Mylan, received requests from the U.S. House of Representatives Energy and Commerce Committee (the "Committee") seeking information about certain products sold by MPI and UDL in connection with the Committee's investigation into pharmaceutical reimbursement and rebates under Medicaid. MPI and UDL cooperated with this inquiry and provided information in response to the Committee's requests in 2003. Several states' attorneys general ("AG") have also sent letters to MPI, UDL and Mylan Bertek, demanding that those companies retain documents relating to Medicaid reimbursement and rebate calculations pending the outcome of unspecified investigations by those AGs into such matters. In addition, in July 2004, Mylan received subpoenas from the AGs of California and Florida in connection with civil investigations purportedly related to price reporting and marketing practices regarding various drugs. As noted below, both California and Florida subsequently filed suits against Mylan, and Mylan believes any further requests for information and disclosures will be made as part of that litigation.

Beginning in September 2003, Mylan, MPI and/or UDL, together with many other pharmaceutical companies, have been named in a series of civil lawsuits filed by state AGs and municipal bodies within the state of New York alleging generally that the defendants defrauded the state Medicaid systems by allegedly reporting "Average Wholesale Prices" ("AWP") and/or "Wholesale Acquisition Costs" that exceeded the actual selling price of the defendants' prescription drugs. To date, Mylan, MPI and/or UDL have been named as defendants in substantially similar civil lawsuits filed by the AGs of Alabama, California, Florida, Illinois, Kentucky, Massachusetts, Mississippi, Missouri, Hawaii, Alaska and Wisconsin and also by the city of New York and approximately 40 counties across New York State. Several of these cases have been transferred to the AWP multi-district litigation proceedings pending in the U.S. District Court for the District of Massachusetts for pretrial proceedings. Others of these cases will likely be litigated in the state courts in which they were filed. Each of the cases seeks an unspecified amount in money damages, civil penalties and/or treble damages, counsel fees and costs, and injunctive relief. In each of these matters, with the exception of the California, Florida, Missouri and Hawaii AG actions and the actions brought by various counties in New York, excluding the actions brought by Erie, Oswego and Schenectady counties, Mylan, MPI and/or UDL have answered the respective complaints denying liability. Mylan and its subsidiaries intend to defend each of these actions vigorously.

In addition, by letter dated January 12, 2005, MPI was notified by the U.S. Department of Justice of an investigation concerning MPI's calculations of Medicaid drug rebates. To the best of MPI's information, the investigation is ongoing. MPI is collecting information requested by the government and is cooperating fully with the government's investigation.

Modafinil Antitrust Litigation and FTC Inquiry

Beginning in April 2006, Mylan, along with four other drug manufacturers, has been named in a series of civil lawsuits filed in the Eastern District of Pennsylvania by a variety of plaintiffs purportedly representing direct and indirect purchasers of the drug modafinil and one action brought by Apotex, Inc., a manufacturer of generic drugs seeking approval to market a generic modafinil product. These actions allege violations of federal and state laws in connection with the defendants' settlement of patent litigation relating to modafinil. These actions are in their preliminary stages, and with the exception of the action brought by Apotex, Inc., Mylan has not yet been required to respond to any complaint. Mylan has filed a motion to dismiss the Apotex action, which is pending. Mylan intends to defend each of these actions vigorously. In addition, by letter dated July 11, 2006, Mylan was notified by the U.S. Federal Trade Commission ("FTC") of an investigation relating to the settlement of the modafinil patent litigation. In its letter, the FTC requested certain information from Mylan, and Mylan's subsidiaries MPI and Mylan Technologies, Inc. pertaining to the patent litigation and the settlement thereof. Mylan is collecting information requested by the government and is cooperating with the government's investigation.

Other Litigation

Mylan is involved in various other legal proceedings that are considered normal to its business. While it is not feasible to predict the ultimate outcome of such other proceedings, Mylan believes that the ultimate outcome of such other proceedings will not have a material adverse effect on its financial position or results of operations.

t) Name and contact details of investor relations officer: Patrick Fitzgerald, Vice President of Public Relations and Investor Relations, Mylan Laboratories Inc., 1500 Corporate Drive, Canonsburg, Pennsylvania 15317, Telephone Number 1-724-514-1800.

5. DISCLOSURE IN TERMS OF REGULATION 21(3)

The Offer is for 20% of the diluted share capital of the Target Company and the Acquirer has agreed to acquire 51.5% of the fully diluted paid-up equity share capital as per the terms of the SPA. As such, the public shareholding in the Target Company would not fall below the minimum level required by Clause 40A of the Target Company's Listing Agreement with the stock exchanges on account of this Offer.

6. BACKGROUND OF THE TARGET COMPANY (INFORMATION AS CERTIFIED BY MATRIX)

Matrix Laboratories Limited ("Matrix"/ "Target Company"/ "the Company")

a) Matrix was incorporated as Herren Drugs Private Limited on 29th November, 1984 and subsequently converted to a Public Limited Company with effect from 19th October, 1992. The Company's registered office is located at 1-1-151/1, IV Floor, Sairam Towers, Alexander Road, Secunderabad – 500 003.

b) Matrix changed its name from Herren Drugs & Pharmaceuticals Limited to Matrix Laboratories Limited on 21st March, 2001. Subsequently, Medicorp Technologies India Limited and Vorin Laboratories Limited merged with Matrix in May, 2003. In October, 2004, Matrix completed the merger of Vera Laboratories Limited, Fine Drugs and Chemicals Limited, Medikon Laboratories Limited and Calibre Engineering Private Limited with itself. In July, 2005, Matrix acquired Docpharma, Belgium. In September, 2005, Matrix announced that it had increased its stake to 43% in Explora Laboratories SA, Switzerland. In January, 2006, Matrix created two 50:50 joint ventures with Aspen Pharmacare Holdings Limited, South Africa. In January, 2006, Matrix acquired a controlling stake in Mchem Group, China. In February, 2006, Matrix acquired a controlling stake in Concord Biotech Limited, India.

c) Matrix is engaged in the manufacture of Active Pharmaceutical Ingredients and solid oral dosage forms of pharmaceuticals.

d) Following are the manufacturing locations of the Company

Unit No.	Location
Unit 1	Survey No. 10, Gaddapotharam, Kazipally Industrial Area,Jinnaram Mandal, Medak District, Andhra Pradesh
Unit 3.1	Plot Nos. 38,39,40,49,50 & 51, Phase IV, IDA Jeedimetla, Hyderabad, Andhra Pradesh
Unit 3.2	Plot Nos.38,39,40,49,50 & 51, Phase IV, IDA Jeedimetla, Hyderabad, Andhra Pradesh
Unit 4	Plot No.36, Phase IV, IDA Jeedimetla,Quthubullapur Mandal, R.R.Dist, Andhra Pradesh
Unit 5	Plot No.16/B/1, S.V.Co-operative Industrial Estate, Jeedimetla Village, Quthubullapur Mandal, R.R. Dist, Andhra Pradesh
Unit 6	Survey No.10/A, Gaddapotharam, Kazipally Industrial Area, Jinnaram Mandal, Medak District, Andhra Pradesh
Unit 7	Plot Nos.14, 99 & 100, Chemical Zone, Pashamylaram,Patancheru Mandal, Medak Dist., Andhra Pradesh
Unit 8	G. Chodavaram Village, Poosapatirega Mandal, Vizianagaram District, Andhra Pradesh
FormulationPlant	Plot No. F-4 & F-12, MIDC, Malegaon, Sinnar Dist., Nashik, Maharashtra
R&D Centres	ICICI Knowledge Park, Turkapally Village, Shameerpet Mandal, Hyderabad, Andhra Pradesh
	Plot Nos.38,39,40,49,50 & 51, Phase IV, IDA Jeedimetla, Hyderabad, Andhra Pradesh
	Plot No. 34/A, Anrich Industrial Estate, Bollarum, Medak District

e) The share capital structure of Matrix (as on August 30, 2006) is as follows:

	No. of Shares	voting rights	% of Issued Shares
Fully Paid-up Equity Shares	153,805,575	153,805,575	99.98
Partly paid-up Equity Shares (non-voting)	23,500	-	0.02
Total issued Equity Shares	153,829,075	-	100.00
Total voting rights in Target Company	-	153,805,575	99.98

f) Details of the share capital changes for the Company are as follows:

Financial Year	Particulars of Issue	No of Shares Issued	Total No of Shares Post-issue	Identity of Allottees
1995	Public Issue	3,282,312	3,282,312	Public
1999	Amalgamation of Dolphin Drugs Private Limited & United Intermediates and Chemicals Private Limited	554,524	3,836,836	Shareholders of Dolphin Drugs Pvt. Ltd. & United Intermediates and Chemicals Pvt. Ltd.
2001	Allotment of shares to IDBI	156,000	3,992,836	IDBI
2001	Preferential Issue	3,207,164	7,200,000	359,000 shares to Promoters, balance to non-Promoters
2001	Shares forfeited	12,500	7,187,500	Others
2003	Preferential Issue	965,476	8,152,976	Promoters
2003	Preferential Issue	1,565,475	9,718,451	Promoters
2003	Merger of Vorin Laboratories Limited and Medicorp Technologies India Limited	2,579,435	12,297,886	Shareholders of Vorin Laboratories Ltd. and Medicorp Technologies India Ltd.
2004	Preferential Issue	2,250,000	14,547,886	Promoters
2004	Merger of Vera Labs, Fine Drugs, Medikon & Calibre	420,435	14,968,321	Shareholders of Vera Labs, Fine Drugs, Medikon & Calibre
2004	Stock split (5 shares for every 1 share held)	59,873,284	74,841,605	Existing shareholders
2005	1:1 Bonus Issue	74,841,605	149,683,210	Existing shareholders
2005	Allotment of shares upon Annulment of Forfeiture	39,000	149,722,210	Others
2005	Preferential Issue	3,500,000	153,222,210	Others
2006	Issue under ESOP-2004	394,330	153,616,540	Employees
2006	Issue under ESOP-2004	38,975	153,655,515	Employees
2006	Issue under ESOP-2004	99,810	153,755,325	Employees
2006	Issue under ESOP-2004	50,250	153,805,575	Employees

Matrix has obtained all the necessary approvals and complied with all the necessary requirements for the above issues.

g) There was no suspension of trading of the shares of Matrix in any Stock Exchange.

h) Out of the 153,805,575 fully paid-up equity shares, 153,755,325 equity shares are listed on the stock exchanges. For the balance 50,250 equity shares, Matrix is in the process of making applications for obtaining trading approvals from the stock exchanges.

i) The shares of Matrix are listed on BSE and NSE. The closing price of the shares of Matrix as on September 8, 2006 was Rs. 273.75 on BSE and Rs. 273.35 on NSE.

j) There are no outstanding convertible instruments (warrants/FCDs/PCDs, etc.) as on date of the PA except for options issue to employees under the two stock option plans- Employee Stock Option Plan 2004 and Employee Stock Option Plan 2006.

k) Matrix has complied with applicable provisions of Chapter II of SEBI (SAST) Regulations within the specified time, except in the following cases:

Sl. No.	Regulation/ Sub-Regulation	Due date of Compliance	Actual date of Compliance	Delay, if any in no. of days
1.	6 (2)	May 20, 1997	November 23, 2001	1647
2.	6 (4)	May 20, 1997	November 23, 2001	1647
3.	8 (3)	April 30, 1998	January 23, 2002	1364
4.	8 (3)	Apri 30, 1999	January 23, 2002	999
5.	8 (3)	April 30, 2000	January 23, 2002	633
6.	7 (1)	May 11, 2000	January 5, 2002	603
7.	8 (3)	April 30, 2001	July 25, 2001	85

SEBI had initiated adjudication proceedings against Matrix vide its show cause notice dated May 9, 2002, for delay in compliance and non-compliance with the provisions of Regulations 6, 7 and 8 of the SEBI (SAST) Regulations in respect of the disclosures to BSE and the Hyderabad Stock Exchange. The penalty had been imposed on the Company in this respect, the same has been paid by the Company.

An issue of disclosures in terms of Clause 35 of the Listing Agreement made by India Newbridge Investments Limited, Maxwell (Mauritius) Pte Limited along with persons acting in concert is under examination of SEBI.

l) Matrix is in compliance with the listing agreement as on the date of the Public Announcement and no punitive action has been initiated against Matrix by the stock exchanges where its shares are listed.

m) The board of directors of Matrix as on the date of the PA and as on the date hereof was as follows:

Name of Director and Residential address	Designation, Date of Appointment	Qualification	Experience
Mr. N Prasad Flat No.202, Plot No. D-19, 2nd Floor, Gayathri Arcade, Vikrampuri Colony, Karkhana, Secunderabad- 500 009	Executive Chairman April 6, 2000	■ Masters Degree in Science and Business Administration	■ Mr. Prasad has 22 years of experience in the pharmaceutical industry. He was previously the Managing Director and CEO of Vorin Laboratories
Mr. Rajiv Malik B-6/B, Gangotri, Alaknanda New Delhi-110 019	Chief Executive Officer July 28, 2005	■ Masters in Pharmacy from Punjab University ■ Member of the Regulatory Affairs Professional Society, USA	■ Prior to joining Matrix, Mr. Malik was associated with Sandoz as its Head of Global Development and Registration, based at Vienna, Austria. He has over 24 years of rich experience in the global generic pharmaceutical industry. Mr. Malik worked for approximately 20 years with Ranbaxy Laboratories Limited before joining Sandoz in 2003, where he served as the head of Pharma Research and Global Regulatory Affairs
Mr. C. Ramakrishna Flat No.107A Metro Palm Grove Apts, Raj Bhavan Road, Hyderabad	Director February 3, 2001	■ Chartered Accountant of the Institute of Chartered Accountants of India ■ Cost Accountant of the Institute of Cost and Works Accountants of India	■ Mr. Ramakrishna has over 20 years of experience in the areas of project finance, corporate finance, strategic planning, general management and corporate affairs
Prof. P V Indiresan B-57, Hill View Apts., Vasanth Vihar, New Delhi – 110 057	Director April 26, 2003	■ Ph.D. from University of England	■ Prof. Indiresan is a Fellow of the Indian National Academy of Engineering and a Distinguished Fellow of both the Institution of Electronics and Telecommunication

Name of Director and Residential address	Designation, Date of Appointment	Qualification	Experience
			Engineers and the Society of Electronic Engineers. He has 40 years of teaching experience and was awarded the Padma Bhushan in 2000 for Electronics
Mr. K R V Subrahmanian 8, Rushilla, 17/C, Carmichael Road, Mumbai – 400 026	Director May 18, 2003	■ B.A. Honours. Degree in Economics from the University of Madras ■ Management degree from the UK and the Columbia University, USA	■ Mr. Subrahmanian has over 46 years of industrial experience in commercial and general management
Mr. Puneet Bhatia LGG 123, Laburnum, Gurgaon, Haryana – 122002	Director April 11, 2004	■ B.Com. from the Sriram College of Commerce, Delhi ■ MBA from the Institute of Management, Calcutta	■ Mr. Bhatia is Managing Director of Newbridge Financial Advisors Private Limited. Prior to joining Newbridge in April 2002, Mr. Bhatia was the ChiefExecutive, Private Equity Group for GE Capital India. He was responsible for conceptualising and creating GE Capital's direct and strategic private equity investment group in India. Prior to this, he was with ICICI (from 1990 to 1995) and with Crosby Securities (from 1995 to1996)
Dr. Fred E Cohen 767, Rhode Island Street, San Francisco, CA 94107 USA	Director April 11, 2004	■ Postdoctoral Research in Pharmaceutical Chemistry from University of California.	■ Dr. Fred E. Cohen is a Professor, University of California, San Francisco, Departments of Cellular & Molecular Pharmacology, Medicine, and Biochemistry & Biophysics. He was a fellow of Post-doctoral Research in Department of Pharmaceutical Chemistry at University of California. Dr. Cohen has a rich experience in the global pharmaceutical industry as a member of Scientific Advisory Boards of several companies. He was also a consultant to Eli Lilly & Co., Indianapolis, IN. Dr. Cohen has filed several patents and has several research publications to his credit and has received various awards and honors for his contribution in academics and public service
Dr. Christina Lim-Tong 105, Cairnhill Circle No. 10-107 Singapore - 229810	Director June 10, 2006	■ Bachelor of Pharmacy degree from the University of Singapore ■ Ph.D. in Pharmacodynamics from the University of Montpellier in France	■ Dr. Lim-Tong has over 15 years experience in venture fund management with the Vertex Group which was part of the Singapore Technologies Group. She retired as Senior Vice President at the end of 2002, and since 2003 she has been in the healthcare sector helping the community as a pharmacist in Guardian, the largest retail pharmaceutical chain in Singapore

Name of Director and Residential address	Designation, Date of Appointment	Qualification	Experience
Dr. Michael Wooldridge Eeveld, 161, Barry Street, Carlton South, Victoria, Australia 3053	Director October 26, 2004	■ B.Sc., MBBS, MBA	■ Dr. Wooldridge has a rich experience in the healthcare sector inAustralia. He is the chairman of Neurosciences Australia, Health Source Australia (Ministerial Advisory Committee on AIDS, Sexual Health & Hepatitis), and Resonance Health (Cooperative Research Centre in Oral Health Science, University of Melbourne). He is a Board member of Research Australia, and Centre for Eye Research Australia (CERA). He is also an Associate professor of the Department of Neuroscience, Faculty of Medicine, the University of Melbourne. Dr. Wooldridge was the Minister of Health, Australia, between 1996 and 2001. He received the Centenary Medal, the Order of Australia in 2003 and the Individual Award for Excellence in 2002 from the Mental Health Foundation of Australia.
Mr. Arun Duggal A-4, 3rd Floor, West End, New Delhi- 110 021	Director January 22, 2005	■ Mechanical Engineering Indian Institute of Technology, Delhi ■ MBA, Indian Institute of Management, Ahmedabad	■ Mr. Duggal is an experience dinternational banker advising Indian corporates in financial strategy, M&A and Capital Raising areas. Mr. Duggal had a 26 year career with Bank of America, mostly outside India. His last designation was as the Chief Executive of the Bank of America in India from 1998 to 2001. He is currently the International Advisor to General Atlantic Partners, a leading American Private Equity firm, besides being on the Board of several reputed Indian companies. He is also advising Macquarie Bank for its business strategy in India, particularly in the investment banking business. Mr. Duggal is the Vice Chairman (non-executive) of International Asset Reconstruction. He teaches a banking and finance course at the Indian Institute of Management, Ahmedabad, as a visiting professor.
Mr. Leon Van Rompay Lindelaan 3, 2580 Putte Belgium	Director October 27, 2005	■ Chemical Engineering	■ Mr. Van Rompay is the founder and Chief Executive Officer of Docpharma, Belgium. Mr. Rompay has over 32 years of rich experience in the global pharmaceutical industry. Mr. Rompay was associated with pharma majors like GSK, Bayer and Zambon. Prior to establishing Docpharma in 1999, he was the member of the Pharma Board of the Zambon Group Worldwide. He is a founding member of the Belgian Generic Association (BGA) and is presently the President of BGA.

Name of Director and Residential address	Designation, Date of Appointment	Qualification	Experience
Dr. Sharad Mansukani 413, Laurel Creek Boulevard Moorestown New Jersey 08057, USA	Director December 28, 2005	■ M.D., CPE, CMCE	■ Based in USA, Dr. Mansukani, is a leading healthcare business strategist. Dr. Mansukani is a Senior Counselor to Fleishman-Hillard's healthcare public affairs practice, Senior Advisor to the Texas Pacific Group and Chief Strategy Officer at Nations Health, Inc., a leading supplier of prescription drugs and medical supplies to Medicare beneficiaries and health plan members. Dr. Mansukani also serves on the Board of IASIS Healthcare, a 16-facility hospital system. Being a member of the Bush Administration's Medicare Reform Executive Committee, he assisted with the drafting of the Medicare Modernization Act.
Mr Ashish J Shastry 33, Robin Road, #11-02, 333 Robin Singapore - 258208	Alternate Director to Dr Fred E Cohen July	■ A.B. in Economics with Honors from Princeton University	■ Mr. Shastry has been working at Newbridge since 1998, during which time he has been based in Singapore and Hong Kong, focusing on Newbridge's investment activities in India, Australia and Southeast Asia. Prior to joining Newbridge in 1998, he was an investment banker at Lehman Brothers in New York, specializing in mergers and acquisitions for the power and telecom sectors.

n) Mergers/acquisitions/de-mergers/spin-offs in the last 3 years:

Date	Transaction Details
October, 2004	Merger of Vera Laboratories Limited, Fine Drugs and Chemicals Limited, Medikon Laboratories Limited and Calibre Engineering Private Limited.
July, 2005	Acquisition of Docpharma NV, Belgium, a pharmaceutical brand marketing company with a robust marketing and distribution network in Western Europe countries.
January, 2006	Creation of two 50:50 joint ventures with Aspen Pharmacare Holdings Limited, South Africa's largest generics pharmaceutical company. The two joint ventures were Astrix Laboratories Limited based in India and Fine Chemcials Corporation based in South Africa.
January, 2006	Acquisition of a controlling stake of 58.1% in Mchem Group of Companies, China.
February, 2006	Acquired a controlling stake of 55% in Concord Biotech Limited, India.

o) Key financials of Matrix (on stand-alone basis) (Rs millions) :

Profit & Loss Statement for the year ended March 31,	2004 Audited	2005 Audited	2006 Audited
Sales	5,294.76	6,367.62	6,671.36
Income from potential patent infringement suit	-	38.24	268.39
Other Income	102.87	117.04	1,317.26
Total Income	**5,397.63**	**6,522.9**	**8,257.01**
Total Expenses	3,627.91	4,659.19	5,834.90
PBDIT	**1,769.72**	**1,863.71**	**2,422.11**
Depreciation	111.04	191.00	223.42
Interest	179.25	62.77	81.50
PBT	1,479.43	1,609.94	2,117.19
Tax	233.30	307.27	293.39
PAT	**1,246.13**	**1,302.67**	**1,823.80**

Balance Sheet for the year ended March 31,	2004 Audited	2005 Audited	2006 Audited
Sources of Funds			
Equity share capital	127.24	299.47	307.26
Reserves & Surplus	1,654.62	5,934.09	8,333.87
Stock Options	-	6.48	53.16
Net Worth	1,781.86	6,240.04	8,694.29
Deferred tax liability	275.55	175.23	329.38
Secured Loans	1,979.68	394.90	1,515.42
Unsecured Loans	95.34	65.72	42.46
Total Liabilities	4,132.43	6,875.89	10,581.55
Application of funds			
Net Fixed Assets (including CWIP)	2,669.89	3,711.07	4,172.08
Investments	30.98	1,594.93	3,440.37
Net Current Assets	1,431.56	1,569.89	2,969.10
Total Assets	**4,132.43**	**6,875.89**	**10,581.55**
Other Financial Data			
Dividend (% of face value)	110%	60%	60%
Earning per Share (Rs) *(Diluted)	9.90	8.87	11.89
Return on Net Worth (PAT/NW)	69.9%	20.9%	21.1%
Book Value per Share (Rs) *	14.16	41.68	56.60

**Adjusted for stock split and bonus issue*

p) Reasons for fall/rise in total income & PAT

Fiscal 2006 Compared to Fiscal 2005

Matrix's net sales registered a growth of 4.77% from Rs 6,367.62 million in 2004-05 to Rs 6,671.36 million in 2005-06. To counter the increased competition that led to a decline in product realizations during the year under review, the Company enhanced its exposure in the high margin regulated global markets and entered into long-term supply contracts. In 2005-06, Matrix exported Rs 3,959.58 million worth of pharmaceutical products to North America, Europe, West Asia and Africa accounting for 59.35% of its net sales. Profit after tax increased 40% from Rs 1,302.67 million in 2004-05 to Rs 1,823.80 million in 2005-06.

The increase in Other Income during 2006 was on account of sale of Know-how, Drug Master Files (DMFs) and profit on sale of assets.

The increase in Total Liabilities during 2006 was on account of increase in working capital loans.

Fiscal 2005 Compared to Fiscal 2004

Total Income increased by 20.85% from Rs 5,397.63 million in 2003-04 to Rs 6,522.90 million in 2004-05. Revenues derived from its core business activity increased 20.26% from Rs. 5,294.76 million in 2003-04 to Rs. 6,367.62 million in 2004-05. On the other hand, the company's non-business income increased from Rs. 97.39 million in 2003-04 to Rs. 109.70 million in 2004-05 even though as a proportion of the turnover, it declined from 1.75% in 2003-04 to 1.63% in 2004-05. Exports also grew 13.8% from Rs 3,067.62 mm in 2003-04 to Rs 3,491.97 mm in 2004-05, even though as a proportion of the turnover, they declined from 55% to 52% during the period. In addition, the company reported a 200% increase in Contract Research and Manufacturing (CRAM) revenues from Rs 354.72 mm in 2003-04 to Rs 1,066.87 mm in 2004-05. CRAM revenues accounted for 16.80% of the company's turnover in 2004-05.

Profit after tax increased by 4.5% from Rs 1,246.13 million in 2003-04 to Rs 1,302.67 million in 2004-05. The company protected itself from significant erosion in its margin through the commercialization of a number of products.

Fiscal 2004 Compared to Fiscal 2003

Matrix recorded revenues of Rs. 5,397.63 million in 2003-04 compared to Rs. 3,962.97 million in 2002-03. The company's revenue distribution by geographies was Regulated markets - 52% (USA, Canada, EU, Japan, Australia and New Zealand), Domestic markets - 27% (India and neighboring countries), Domestic regulated markets - 13% (USA, Canada and EU), Semi-regulated markets - 8% (Asia, Middle East, Latin America and Africa).

Profit after tax increased by 35.54% from Rs 750.54 million in 2002-03 to Rs 1,246.13 million in 2003-04. This success could be attributed to several factors such as more balanced growth in sales across therapeutic groups and geographies, the successful increase in capacity coupled with high utilization, the across-the-board upgrade of the facilities as well as to the ability to retain intellectual capital during the year.

q) The shareholding pattern of Matrix pre and post the Offer is as follows:

Shareholders' category	Shareholding & Voting rights prior to the agreement/ acquisition and Offer (A)	Shares/ Voting rights agreed to be acquired which triggered off the Regulations (B)	Shares/ Voting rights to be acquired in the Offer (Assuming full acceptances) (C)	Shareholding/ Voting rights after the acquisition and Offer (A)+(B)+(C) = (D)
Promoter Group				
Indian Promoters	26,270,010 (17.08%)			7,677,818 (5.00%)(**)
Foreign Promoters	58,595,780 (38.10%)			Nil
Total (1)	84,865,790 (55.18%)			7,677,818 (5.00%)
Acquirer/PAC (2)	Nil	79,187,972 (51.49%)	30,836,662 (*) (20.05%)	110,019,934 (71.53%)
Public				
a) FIs/FIIs/MFs/UTI/Banks	41,508,512 (26.99%)			36,107,823 (23.47%)
b) NRIs/Pvt. Corp. Bodies/ OCBs/other	8,937,931 (5.81%)			
c) Public	18,493,342 (12.02%)			
Total (3)	**68,939,785** **(44.82%)**			**36,107,823** **(23.47%)**
Grand Total [(1)+(2)+(3)]	**153,805,575** **(100.00%)**	**79,187,972** **(51.49%)**	**30,836,662** **(20.05%)**	**153,805,575** **(100.00%)**

(*) The Offer to the public Shareholders of Matrix is to acquire up to 20% of the fully diluted voting equity capital of Matrix, composed of 154,183,310 equity shares of Rs. 2/- each comprising 153,805,575 fully paid-up voting equity shares, vested options pending exercise by employees for 354,235 equity shares and 23,500 partly paid-up equity shares.

Matrix had granted 3,615,250 options under its ESOP 2004 Scheme in February and July 2005. Of these, 903,775 options were vested as on the date of the PA. Of the vested options 549,540 options were exercised while the balance 354,235 options remained unexercised.

(**) The post-offer shareholding of the Indian Promoters of 5% will be held by Mr. Prasad Nimmagadda and by G2 Corporate Services Ltd.

r) Details of changes in the shareholding of the promoters in the Target Company as and when they happened:

Date	Action	Shares Acquired/ Sold by Promoters(%)	Cumulative Shareholding (%) Mr Prasad Nimmagadda (Individual and HUF)	G2 Corporate Services Ltd.	India Newbridge Investment Limited, India Newbridge Investments Limited, India Newbridge Coinvestment Limited, Maxwell (Mauritius) Pte. Limited	Public (1)
May, 2002	Shares acquired through MOU	15.04%	15.04%			84.96%
May, 2002	Shares acquired through Open Offer	1.18%	16.22%			83.78%
July, 2002	Shares acquired from market	9.06%	25.28%			74.72%
Feb, 2003	Shares acquired through Preferential Offer	16.11%	20.40%	14.41%		65.19%
June, 2003	Shares acquired through Open Offer	0.20%	20.60%	14.41%		64.99%
July, 2003	Shares allotted on account of Merger of Vorin Laboratories Limited and Medicorp Technologies India Limited with Matrix	1.82%	18.11%	14.41%		67.48%

Date	Action	Shares Acquired Sold by Promoters(%)	Cumulative Shareholding (%)			
			Mr Prasad Nimmagadda (Individual and HUF)	G2 Corporate Services Ltd.	India Newbridge Investment Limited, India Newbridge Investments Limited, India Newbridge Coinvestment Limited, Maxwell (Mauritius) Pte. Limited	Public [(1)]
March, 2004	Shares Sold	2.44%	15.67%	11.38%		72.95%
April, 2004	Shares acquired through Preferenial Offer	15.47%	13.24%	9.62%	15.47%	61.67%
Sep, 2004	Shares acquired through secondary market and open offer	24.81%	13.24%	9.62%	40.28%	36.86%
Dec. 2004	Shares allotted on account of Merger of Fine Drugs, Vera Laboratories Limited, Calibre with Matrix	0.00%	12.87%	9.35%	39.14%	38.64%
Feb, 2005	Shares Sold	1.34%	12.87%	8.02%	39.14%	39.97%
April 2005	Shares Sold	0.67%	12.20%	8.02%	39.14%	40.64%
Dec. 2005	Preferential allotment of equity shares	0.00%	11.93%	7.83%	38.23%	42.01%
Feb. 2006	Shares Sold	2.66%	10.59%	6.51%	38.23%	44.67%

(1) Including ex-promoters

s) The Target Company has complied with the applicable provisions of the SEBI (SAST) Regulations/other applicable Regulations under SEBI Act 1992 and other statutory requirements as applicable except delays in compliance with continual disclosure requirements under Chapter II of the SEBI (SAST) Regulations as specified in Paragraph 6(k) above.

t) Matrix has not received any directions from SEBI u/s 11B of the SEBI Act, prohibiting them from dealing in securities or under any of the regulations made under the SEBI Act.

u) The details regarding the corporate governance norms for the Company as on March 31, 2006 are as follows:

Particulars	Listing Agreement Clause	Compliance Status(Yes / No)
Board of Directors	49 (I)	Yes
Audit Committee	49 (II)	Yes
Subsidiary Companies	49 (III)	Yes
Disclosures	49 (IV)	Yes
CEO / CFO Certification	49 (V)	Yes
Report on Corporate Governance	49 (VI)	Yes
Compliance	49 (VII)	Yes

v) The details of the pending litigation for the Company as on the date of the PA are as follows:

Description of Outstanding Litigation / Default / MaterialDevelopment	Amount(in Rs. lakhs)
Excise Cases	34.59
Customs Cases	534.72
Legal Cases	104.08
Tax Matters in Appeal	229.82
Cases Filed by the Company	Nil

w) Except as mentioned in 6(k) above, no penalty has been levied by SEBI or any other regulatory body or any other authority in India or abroad as on the date of the PA.

No disciplinary action/ investigation has been taken by the Securities and Exchange Board of India/ Stock Exchange against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether they fall under the purview of Section 370 (1B) of the Companies Act, 1956) as on the date of the PA.

x) The compliance officer of the Target Company is Mr. N. Anjaneyulu, Company Secretary, and can be contacted at 1-1-151/1, Sairam Towers, Alexander Road, Secunderabad – 500 003. Tel: 040 - 27700363 / 66327722, Fax No. 040-27700343, email: anjaneyulu.nidjelli@matrixlabsindia.com

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer Price

a) The shares of Matrix were listed on the Bombay Stock Exchange ("**BSE**") and National Stock Exchange ("**NSE**"). Based on the information available, the shares of Matrix were frequently traded on BSE *(Source: www.bseindia.com)* and NSE *(Source: www.nseindia.com)* within the meaning of explanation (i) to Regulation 20(5) of SEBI (SAST) Regulations as on the date of the PA.

b) The annualized trading turnover during the preceding six months in each of the Stock Exchanges, calculated as per explanation (i) to Regulation 20(5) of SEBI (SAST) Regulations, is detailed below based on which NSE is the more frequently traded stock exchange:

Date	Name of Stock Exchange	Total number of shares traded during the preceding six calendar months	Total number of listed shares	Annualized trading turnover (in terms of % of total listed shares)	Trading Status in terms of SEBI (SAST) Regulations
July 31, 2006	BSE	34,147,462	153,755,325	44%	Frequently Traded
July 31, 2006	NSE	90,943,716	153,755,325	118%	Frequently Traded

c) The Offer Price of Rs. 306 (Rupees three hundred six only) per fully paid-up equity share is justified in terms of Regulation 20(4) of the SEBI (SAST) Regulations as it is the highest of the following:

i. Negotiated price: If the Acquirer/PAC has entered into any agreement for acquisition of shares or voting rights or deciding to acquire shares or voting rights exceeding the prescribed percentage	Rs. 306.00
ii. Price paid by the Acquirer/PAC for any acquisition including by way of allotment in a public or rights or preferential issue during the 26-week period prior to the date of the PA	N.A.
iii. Higher of (A) or (B) below	Rs. 275.86
Share price data of Matrix on NSE, where it is most frequently traded, is as under: A. The average of the weekly high and low of the closing prices of the shares of Matrix during the 26-weeks preceding the announcement	Rs. 261.93
B. The average of the daily high and low of the shares of Matrix during the 2-weeks preceding the announcement	Rs. 275.86
The Offer is required to be made at the higher of the above (i), (ii) , and (iii)	Rs. 306.00

In terms of Regulation 20(10) the Offer Price of Rs.294 per partly paid-up share has been calculated as the difference between the Offer Price per fully paid-up share of Rs. 306 and the calls-in-arrears of Rs.5 per share along with interest of Rs. 7 per share payable on the amount remaining unpaid on such partly paid up equity shares. The interest payable on such amount remaining unpaid is payable for the period from the date appointed for payment thereof to the time of actual payment, at the rate of 12% per annum, as per the Articles of Association of Matrix.

d) Price data on NSE (frequently traded Stock Exchange)

26 weeks weekly high/low data

Week No.	Week Ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	March 6, 2006 (Mon)	273.10	251.60	262.35	2,937,246
2	March 13, 2006 (Mon)	267.25	253.70	260.48	1,483,155
3	March 20, 2006 (Mon)	260.55	253.85	257.20	1,044,609
4	March 27, 2006 (Mon)	286.20	257.75	271.98	5,874,995
5	April 3, 2006 (Mon)	284.60	275.10	279.85	14,080,547
6	April 10, 2006 (Mon)	290.60	276.15	283.38	3,271,881
7	April 17, 2006 (Mon)	275.45	273.70	274.58	2,775,456
8	April 24, 2006 (Mon)	274.80	270.30	272.55	1,557,405
9	May 1, 2006 (Mon)	303.30	269.90	286.60	3,690,378
10	May 8, 2006 (Mon)	306.10	299.95	303.03	3,500,266
11	May 15, 2006 (Mon)	299.45	274.35	286.90	1,541,904
12	May 22, 2006 (Mon)	280.55	229.25	254.90	2,817,686
13	May 29, 2006 (Mon)	259.80	247.85	253.83	5,332,859
14	June 5, 2006 (Mon)	252.20	231.80	242.00	3,024,530
15	June 12, 2006 (Mon)	232.30	192.05	212.18	3,656,198
16	June 19, 2006 (Mon)	231.85	191.60	211.73	4,314,849
17	June 26, 2006 (Mon)	254.30	220.40	237.35	7,917,285
18	July 3, 2006 (Mon)	262.75	236.95	249.85	3,922,600
19	July 10, 2006 (Mon)	267.00	259.75	263.38	2,178,899

Week No.	Week Ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
20	July 17, 2006 (Mon)	266.45	258.65	262.55	2,357,279
21	July 24, 2006 (Mon)	249.55	244.35	246.95	1,151,383
22	July 31, 2006 (Mon)	266.75	251.70	259.23	1,919,475
23	August 7, 2006 (Mon)	260.50	255.95	258.23	800,023
24	August 14, 2006 (Mon)	280.55	264.20	272.38	2,730,242
25	August 21, 2006 (Mon)	274.40	267.40	270.90	1,103,098
26	August 28, 2006 (Mon)	279.35	272.65	276.00	5,246,031
		26 week avg		**261.93**	

2 weeks daily high/low data

Day no.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	August 15, 2006 (Tue)	-	-	-	-
2	August 16, 2006 (Wed)	278.70	271.00	274.85	308,329
3	August 17, 2006 (Thu)	276.90	265.60	271.25	208,732
4	August 18, 2006 (Fri)	279.00	263.00	271.00	328,265
5	August 21, 2006 (Mon)	277.00	269.30	273.15	257,772
6	August 22, 2006 (Tue)	279.45	271.00	275.23	366,297
7	August 23, 2006 (Wed)	282.80	272.10	277.45	761,285
8	August 24, 2006 (Thu)	280.80	267.00	273.90	451,626
9	August 25, 2006 (Fri)	283.80	274.05	278.93	878,441
10	August 28, 2006 (Mon)	298.00	276.00	287.00	2,788,382
		Average		**275.86**	

e) A consideration of Rs. 24,231.52 million is payable to the selling promoters under the SPA. This consideration includes a payment both for the sale of their shares as well as for the covenants undertaken by the sellers therein. As part of these covenants (as mentioned in 2.1(c)(d) above), Mr. Prasad Nimmagadda has undertaken to not compete with Matrix. Apart from the payment of Rs. 306.00 per share, there is no separate non-compete fee payable.

f) In the opinion of the Manager to the Offer and the Acquirer, the Offer Price of Rs. 306.00 per fully paid-up equity share is justified.

g) If the Acquirer purchases shares after the date of the PA up to 7 (seven) working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.

7.2. Financial Arrangements

a) The total fund requirement for the acquisition of up to 30,831,962 fully paid-up equity shares held by shareholders in Matrix at Rs. 306 per share and up to 4,700 partly paid-up equity shares at Rs. 294 per share is Rs. 9,435,962,172 (Rupees nine billion four hundred thirty five million nine hundred and sixty two thousand one hundred seventy two only). As of the date of the PA, the PAC had cash/cash equivalent investments in excess of USD 215.0 mm (Rs. 10,021.15 mm) with JP Morgan Asset Management, which cash was subsequently transferred to, and is currently with, SEI Investment Management Corporation. The PAC, vide their letter dated August 28, 2006, have undertaken to use the aforesaid cash/cash equivalent and/or replace the aforesaid cash/cash equivalent investments with similar cash/cash equivalent investments with consent of the Manager to the Offer for the purpose of fulfillment of the Acquirer's or the PAC's obligations under Regulation 29 of SEBI (SAST) Regulations. As a firm financial arrangement is in place, the Manager to the Offer is satisfied about the ability of the Acquirer to fulfill its obligations and implement the Offer in accordance with the SEBI (SAST) Regulations.

b) In accordance with Regulation 28 of the SEBI (SAST) Regulations, the PAC has created an escrow account in the form of a Bank guarantee, valid until July 31, 2007, of an amount of Rs. 1,187,803,841 issued by Citibank N.A., Mumbai (payable in favor of DSPML – the Manager of the Offer), being in excess of the amount required under Regulation 28(2) of the SEBI (SAST) Regulations, i.e., 25% of the maximum consideration payable up to Rs. 1,000 mm and 10% of the maximum consideration payable beyond Rs. 1,000 mm and the Acquirer has made a cash deposit in a bank account with Citibank N.A., New York for USD 2.3 mm (USD two million three hundred thousand only) Rs. 107,203,000 (Rupees one hundred seven million two hundred three thousand only) which is in excess of 1% of the maximum consideration payable in favor of DSPML – the Manager to the Offer. Citibank N.A., Mumbai, is not an associate of or group of the Acquirer or the Target Company. DSPML has been authorized to realize the value of the aforesaid bank account. This amount will be transferred from the aforesaid bank account to a scheduled commercial bank in India after the requisite approval has been obtained from RBI for opening and operating the escrow account in India. On October 16, 2006, RBI approved the opening and operating of the escrow account for the Offer.

8. TERMS AND CONDITIONS OF the OFFER

8.1 Statutory approvals required for the Offer

a) The Transaction and this Offer, along with any obligation in terms of SEBI (SAST) Regulations to make payment for, or purchase the Shares tendered and accepted, is subject to the receipt of approval from Reserve Bank of India ("**RBI**"), under the Foreign Exchange Management Act, 1999 ("**FEMA**"). On October 16, 2006, the RBI approved the acquisition of shares sought to be acquired by the Acquirer from the resident promoters and conveyed no objection for the acquisition of shares pursuant to the Offer, in accordance with the SEBI (SAST) Regulations, 1997, provided, however, that OCBs may not tender their shares in the Offer.

b) In terms of Regulation 27 of SEBI (SAST) Regulations, the Acquirer will not proceed with the Offer in the event that any statutory approval required for the Offer is not obtained.

c) In case of delay in receipt of any statutory approval(s), SEBI has power to grant extension of time to the Acquirer for payment of consideration to Shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approval, Regulation 22(13) of SEBI (SAST) Regulations will also become applicable.

d) Acquirer does not require any approvals from financial institutions or banks for the Offer.

8.2 Others

a) The Letter of Offer together with the Form of Acceptance cum Acknowledgement will be mailed to the Shareholders of Target Company (except the parties to the SPA referred to in paragraph 2.1(b) above), whose names appear on the Register of Members of Target Company and to the beneficial owners of the shares of Target Company, whose names appear as beneficiaries on the records of the respective Depositories, at the close of business on September 22, 2006 ("**Specified Date**").

b) All owners (registered or unregistered) of Shares of Target Company (except the parties to the SPA referred in 2.1(b) above and except OCBs) are eligible to participate in the Offer anytime before the closure of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, number of Shares held, number of Shares offered, Distinctive numbers, Folio number, together with the original Share Certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their Shares. No indemnity is required from the unregistered owners.

c) Shares that are subject to any charge, lien or encumbrance are liable to be rejected.

d) Locked in shares can be tendered in the open offer subject to the continuation of the lock-in in the hands of the Acquirer and the PAC. The Manager to the Offer will ensure that there is no discrimination in the acceptance of locked in and non-locked in shares. Shares that are subject to any other charge, lien or encumbrance are liable to be rejected.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

a) Shareholders who wish to tender their shares will be required to send the Form of Acceptance cum Acknowledgement, original Share Certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer – Mondkar Computers Private Limited, 21, Shakil Niwas, opposite Satya Sai Baba Temple, Mahakali Caves Road, Andheri East, Mumbai 400 093, Maharashtra, India, Phone: +91 22 2826 2920, Fax: +91 22 2836 6620, E-mail: open_offer@rediffmail.com, Name of the contact person: Mr. Ashok Gupta, either by hand delivery on weekdays or by Registered Post, so that the same reaches the Registrar to the Offer on or before the close of the Offer, i.e., no later than December 11, 2006 in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

b) Shareholders are advised to ensure that the Form of Acceptance cum Acknowledgement and other documents are complete in all respects, otherwise the same is liable to be rejected. In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favor of the Special Depository Account before the closure of the Offer. The Form of Acceptance cum Acknowledgement of such demat shares, not credited in favor of the Special Depository Account before the closure of the Offer, will be rejected.

i. For equity shares held in physical form:

<u>Registered Shareholders should enclose:</u>

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- Original Share Certificate(s).
- Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with "Matrix" and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with this Letter of Offer.

<u>Unregistered owners should enclose:</u>

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein.
- Original Share Certificate(s).
- Original broker contract note.
- Valid Share Transfer form(s) as received from the market.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of buyer will be filled upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

ii. For Equity shares held in demat form:

<u>Beneficial owners should enclose:</u>

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the DP.

- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
- For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance.

c) The Registrar to the Offer, Mondkar Computers Pvt. Limited, have opened a Special Depository Account at NSDL as detailed below:

DP Name	DSP Merrill Lynch Ltd.
Special DP Account	Escrow Account – Open Offer for Matrix Laboratories Limited
DP ID	IN302638
Client ID	10022740

Beneficiary owners holding shares with CDSL should use inter-depository delivery instruction slip and execute "Off market" for crediting the shares to the Special DP Account opened with NSDL.

d) The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer, the Acquirer/PAC or Matrix.

e) In case of non-receipt of the Letter of Offer, the Eligible Persons for the Offer may send their consent to the Registrar to the Offer, on a plain paper stating acceptance of the Offer with Name; Address; Number of Shares held; Distinctive Number; Folio Number, Number of shares offered; along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the close of the Offer, i.e., no later than December 11, 2006 or in case of beneficial owners they may send their application in writing to the Registrar to the Offer, on a plain paper stating acceptance of the Offer with Name; Address; Number of Shares held; Number of shares offered; DP name; DP ID; Beneficiary Account Number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favor of the Special Depository Account, or the Eligible Persons for the Offer can write to the Manager to the Offer requesting for the Letter of Offer and Form of Acceptance cum Acknowledgement and fill up the same in accordance with the instructions given therein, so as to reach the Registrar to the Offer, on or before the close of the Offer, i.e., no later than December 11, 2006. Unregistered owners should not sign the transfer deed and the transfer deed should be valid for transfer. Alternatively, the Letter of Offer and Form of Acceptance cum Acknowledgement will be available on SEBI's website *(www.sebi.gov.in)*, from the date of opening of the Offer. The Eligible Persons for the Offer can download the Form of Acceptance cum Acknowledgement from the SEBI's website and apply using the same.

f) If the aggregate of the valid responses to the Offer exceeds the Offer size of 30,831,962 fully paid-up equity shares of Matrix and 4,700 partly paid-up equity shares of Matrix (representing 20% of the fully diluted equity share capital of Matrix), then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. The shares of Matrix are compulsorily traded in dematerialized form, hence minimum acceptance will be one share. Shareholders who have sent their shares for dematerialization need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Special Depository Account is received on or before the date of closure of the Offer, i.e., no later than December 11, 2006, else the application would be rejected.

g) Shares received to the credit of the above referred escrow account or receipt of share certificates on or before closure of the Offer without receipt of Form of Acceptance cum Acknowledgement will be deemed as acceptance of the Offer by the shareholder.

h) While tendering shares under the Offer, NRIs /Foreign Shareholders will be required to submit the previous RBI Approvals (specific or general) that they may have obtained for acquiring shares of Matrix. ***In case of previous RBI Approvals not being submitted, the Acquirer and the PAC reserve the right to reject such shares tendered. As per the RBI, OCBs may not tender their shares in the Offer.***

i) **TAX TO BE DEDUCTED AT SOURCE-** As per the provisions of section 195(1) of the Income Tax Act, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). Since the consideration payable under the Offer may be chargeable to capital gains under applicable section of the Income Tax Act or as business profits as the case may be, Acquirer may need to deduct tax at source (including surcharge and education cess) at the applicable rate on the gross consideration payable to the following categories of shareholders, as given below:

- Non-resident Indians
- Other persons who are not resident in India

Accordingly, while tendering shares under the Offer, NRI/ foreign Shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by Acquirer under the Income Tax Act, 1961, before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the Shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such Shareholder.

In respect of Foreign Institutional Investors ("FII"): The Acquirer will not deduct tax at source if the Shares are held by the FII on investment/capital account. FIIs will have to certify in the Form of Acceptance cum Acknowledgment that the said shares are held on investment/capital account and enclose the certificate of registration by SEBI as FII.

j) In addition to the above mentioned address, the equity Shareholders of Matrix, who wish to avail of and accept the Offer can also deliver the Acceptance Form along with all the relevant documents at the collection centers below. The centers mentioned herein below would be open as follows: *(Monday to Friday 10.30 am to 4.30 pm & Saturdays 10.30 am to 1 pm. excluding Sundays and holidays.)*

Address	Contact Person	Delivery Mode	Phone
Mondkar Computers Pvt. Limited C/o PACE 101, Shivam Complex, Nr. Law Garden Off. C G Road, Navrangpura, Ahmedabad - 380 009	Mr. Suraj Shah	Hand Delivery	079-55415807
Mondkar Computers Pvt. Limited C/o PACE Alpine Murali Point 53, Hospital Road, Shivaji Nagar, Bangalore - 560 052	Mr. Shilloo Zackaria	Hand Delivery	080 - 51132823
Mondkar Computers Pvt. Limited C/o PACE 115, Nelson Chamber, E Block 3rd Floor, Nelson Manickkam Road, Chennai - 600 029	Mr. T. Ramesh	Hand Delivery	044-55557191
Mondkar Computers Pvt. Limited C/o PACE 205, Nischint Towers, 2nd Floor, 1-10-233/A, Ashok Nagar, Above Gtb, Hyderabad - 500 020	Mr. A.R. Ranganathan	Hand Delivery	040-27656051
Mondkar Computers Pvt. Limited C/o Agarwal Infin Consultants (P) Limited, 503, Gurukripa Tower, C Scheme, Jaipur 302001	Mr. Sunil Dutt Vyas	Hand Delivery	0141-2368071
Mondkar Computers Pvt. Limited C/o Mr. Hemant Tandon 14/76, G, Civil Lines, Near Merchants Chamber Of U P, Kanpur 208 001	Mr. Hemant Tandon	Hand Delivery	0512-2535630
Mondkar Computers Pvt. Limited C/o PACE Ground Floor, Opp. Bijoli Grill Restaurant, 34, Raja Basanta Roy Road, Kolkata - 700 029	Mr. Pannalal Das	Hand Delivery	033-24636133
Mondkar Computers Pvt. Limited 21, Shakil Niwas, Opp Satya Sai Baba Temple, Mahakali Caves Road, Andheri East, Mumbai 400 093	Mr. Ashok Gupta	Hand Delivery/ Registered Post	022-28262920 Fax: 022-28366620
Mondkar Computers Pvt. Limited 83 B, Mittal Court, 224, Nariman Point, Mumbai 400 021	Mr. Rajesh Karlekar	Hand Delivery	022-22048853
Mondkar Computers Pvt. Limited C/o PACE 1e/18 Jandewalan Extention, 2nd Floor, Above Hot & Spice Restaurant, New Delhi - 110 055	Mr. Shiv Bose	Hand Delivery	011-47084210
Mondkar Computers Pvt. Limited C/o PACE 3rd Floor, 303, Komal Chambers, Opp. Chaudhary High School, Rajkot	Mr. Shailesh Khatri	Hand Delivery	0281-2647371
Mondkar Computers Pvt. Limited C/o PACE 7, Subhalaxmi Complex, City Light Road,Surat - 395 001	Mr. Sajid Desai	Hand Delivery	0261-5541797
Mondkar Computers Pvt. Limited C/o PACE 209/210, 2nd Floor, Race Course Towers, Opp. Citibank, Towards Gotri,Vadodara - 390 015	Mr. Mohammedi Barodawala	Hand Delivery	0265 -5540374

k) Shareholders who cannot hand deliver their documents at the collection centers referred above, may send the same by registered post, at their own risk and cost, to the Registrar to the Offer at their address given below:

Mondkar Computers Private Limited, 21, Shakil Niwas, Opposite Satya Sai Baba Temple, Mahakali Caves Road, Andheri East, Mumbai 400 093, Maharashtra, India.

Phone: +91 22 2826 2920, Fax: +91 22 2836 6620

E-mail: open_offer@rediffmail.com

Name of the Contact Person: Mr. Ashok Gupta

l) In terms of Regulation 22 (5A) of the SEBI (SAST) Regulations, Shareholders desirous of withdrawing their acceptance tendered by them in the Offer, may do so up to three working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents only to the Registrar to the Offer as per the instructions below, so as to reach the Registrar to the Offer at any of the collection center mentioned above as per the mode of delivery indicated therein on or before December 6, 2006:

i. For Equity Shares held in demat form:

Beneficial owners should enclose

- Duly signed and completed Form of Withdrawal (enclosed with the Letter of Offer).
- Acknowledgement slip in original/Copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by registered post.
- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.

ii. For Equity Shares held in physical form:

Registered Shareholders should enclose:

- Duly signed and completed Form of Withdrawal (enclosed with the Letter of Offer).
- Acknowledgement slip in original/Copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by registered post.
- In case of partial withdrawal, valid Share transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Matrix and duly witnessed at the appropriate place.

Unregistered owners should enclose:

- Duly signed and completed Form of Withdrawal (enclosed with the Letter of Offer).
- Acknowledgement slip in original/Copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by registered post.

In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:

- In case of physical shares: Name; Address; Distinctive Numbers; Folio Number; Number of Shares tendered, and Number of Shares withdrawn
- In case of dematerialized shares: Name; Address; Number of Shares offered; Number of Shares withdrawn; DP name; DP ID; Beneficiary Account Number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favor of the Special Depository Account.

1) The withdrawal of Shares will be available only for the Share certificates/ Shares that have been received by the Registrar to the Offer/ Special Depository Account.

2) The intimation of returned shares to the Shareholders will be at the address through registered post as per the records of Matrix/DP as the case may be.

3) In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from Matrix.

4) Partial withdrawal of tendered shares can be done only by the Registered shareholders / Beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.

5) Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

m) In case of delay in receipt of statutory approvals beyond December 11, 2006, interest may be payable for the delayed period in terms of Regulation 22(12) of SEBI (SAST) Regulations. Further, if the delay in receipt of statutory approvals occurs on account of willful default by the Acquirer and the PAC in obtaining the requisite approvals, Regulation 22(13) of SEBI (SAST) Regulations will also become applicable.

n) Payment of consideration will be made by crossed account payee cheque/demand draft and sent by registered post, to those shareholders/unregistered owners and at their own risk, whose shares/share certificates and other documents are found in order and accepted by the Acquirer and the PAC. In case of joint registered holders, cheques/demand drafts will be drawn in the name of the sole/first named holder/unregistered owner and will be sent to him. ***It is desirable that shareholders provide bank details in the Form of Acceptance cum Acknowledgement, so that same can be incorporated in the cheque / demand draft.***

o) Unaccepted or withdrawn Share Certificate(s), transfer form(s) and other documents, if any, will be returned by registered post at the shareholders'/unregistered owners' sole risk to the sole/first named shareholder/unregistered owner. Unaccepted or withdrawn Shares held in demat form will be credited back to the beneficial owners' depositary account with the respective depositary participant as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

p) The Registrar to the Offer will hold in trust the Share(s)/Share certificate(s), Shares lying in credit of the Special Depository Account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders/unregistered owner(s) of Matrix, who have accepted the Offer, till the cheques/drafts for the consideration and/or the unaccepted Shares/ Share certificates are dispatched/returned.

10) DOCUMENTS FOR INSPECTION

The following material documents are available for inspection at the office of the Manager to the Offer, DSP Merrill Lynch Limited, from 10.30 a.m. to 1.00 p.m. on any day, except Saturdays, Sundays and Holidays, starting from the opening of the Offer i.e. November 22, 2006 until the Offer closes i.e. December 11, 2006:

a) Copy of the agreement between the Acquirer and Sellers referred in paragraph 2.1(b) above

b) Copy of the Shareholders Agreement between the Acquirer and Mr. Prasad Nimmagadda referred to in 2.1(e) above

c) Certificate of Incorporation of the Acquirer

d) Constitution and Certificate of Incorporation of Mylan

e) Memorandum and Articles of Association of Mylan

f) Memorandum and Articles of Association of Matrix

g) Letter from PAC, dated August 28, 2006, referred to in paragraph 7.2(a) above

h) The reports on Form 10K of Mylan for three years ended March 31, 2004, 2005 & 2006

i) Audited results of Matrix for three years ended March 31, 2004, 2005 & 2006

j) Bank guarantee issued by Citibank N.A., Mumbai referred in paragraph 7.2(b) above.

k) Escrow agreement entered into amongst DSPML, Citibank and Acquirer confirming the deposit referred in paragraph 7.2(b) above

l) Published copy of PA dated August 29, 2006

m) SEBI observation letters

11) DECLARATION BY THE ACQUIRER

The Acquirer and the PAC accept responsibility for the information contained in this Letter of Offer. The Acquirer and the PAC are jointly and severally responsible for fulfillment of their obligations under the SEBI (SAST) Regulations.

MP Laboratories (Mauritius) Ltd

Sd/-

Authorized Signatory

Mylan Laboratories Inc.

Sd/-

Authorized Signatory

Date: November 15, 2006

Encl.:

Form of Acceptance cum Acknowledgement

Form of Withdrawal

Transfer Deed for Shareholders holding Shares in physical form

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

- Please submit this Form with enclosures to the Registrars to the Offer at the collection center as mentioned in the Letter of Offer.
- Please read the enclosed Letter of Offer dated November 15, 2006 carefully before filling this Acceptance Form.
- All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer.
- Each shareholder of **Matrix Laboratories Limited** to whom this Offer is being made, is free to offer his equity shares in whole or in part while accepting the Offer.

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

MATRIX LABORATORIES LIMITED OPEN OFFER

OFFER OPENS ON	:	**NOVEMBER 22, 2006 (WEDNESDAY)**
OFFER CLOSES ON	:	**DECEMBER 11, 2006 (MONDAY)**

From
Folio No./DP ID No./Client ID No.:

To
Mondkar Computers Private Limited
[Unit: Matrix Laboratories Limited - Open Offer]
21, Shakil Niwas, Opposite Satya Sai Baba Temple
Mahakali Caves Road, Andheri East, Mumbai 400 093
Tel: +91 22 2826 2920 Fax: +91 22 2836 6620
E-mail: open_offer@rediffmail.com

Dear Sir,

"Sub: Offer made by MP Laboratories (Mauritius) Ltd. to the public Shareholders of Matrix ("Shareholders") to acquire up to 30,831,962 fully paid-up voting equity shares of Rs. 2/- each and up to 4,700 partly paid-up equity shares of Rs. 2/- each, representing 20.0% of the fully diluted share capital ("Offer")of Matrix at Rs. 306 /- (Rupees Three Hundred And Six Only) per fully paid-up voting equity share and at Rs. 294 /- (Rupees Two Hundred And Ninety Four Only) per partly paid-up equity share, payable in cash and subject to the terms and conditions mentioned hereinafter"

I/We refer to the Letter of Offer dated November 15, 2006 for acquiring the equity shares held by me/us in Matrix Laboratories Limited.

I/We, the undersigned, have read the Letter of Offer and understood its contents and unconditionally accept the terms and conditions as mentioned therein.

☐ **SHARES IN PHYSICAL FORM**

I/We accept the Offer and enclose the original equity share certificate (s) and duly signed transfer deed(s) in respect of my/ our equity shares as detailed below.

S. No.	Ledger Folio No.	Certificate No(s)	Distinctive No(s)		No of shares
			From	To	
1					
2					
3					
4					
5					
				Total No. of Shares	

Note: Please attach an additional sheet of paper if the above space is insufficient and authenticate the same.

I/ We note and understand that the original equity share certificate (s) and valid share transfer deed(s) will be held in trust for me/ us by Registrar to the Offer until the time the Acquirer pays the purchase consideration as mentioned in the Letter of Offer. I/ We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

☐ **SHARES IN DEMATERIALIZED FORM**

I/We, holding equity shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my/our equity shares as detailed below:

DP Name	DP ID	Client ID	Beneficiary Name	No of Shares

TEAR HERE

— — — — — — — — — — TEAR ALONG THIS LINE — — — — — — — — — —

ACKNOWLEDGEMENT SLIP

MATRIX LABORATORIES LIMITED OPEN OFFER

Received from Mr./Ms./M/s. ______________________ residing at ______________________

____

a Form of Acceptance cum Acknowledgement for ______________ shares along with:

☐ copy of delivery instruction slip from DP ID ______________ Client ID ______________

☐ ______________ Share Certificate(s) ______________ transfer deed(s) under folio number ______________for accepting the Offer made by the Acquirer.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	

I/ We have executed an off-market transaction for crediting the equity shares to the special depository account as per the details below:
☐ via a delivery instruction from my account with NSDL; ☐ via an inter-depository delivery instruction from my account with CDSL

DP Name	DSP Merrill Lynch Ltd.		**Market**	Off Market
DP ID	IN302638		**Depository**	NSDL
Client ID	10022740		**ISIN**	INE 604D01023
Beneficiary Account Name	Escrow Account — Open Offer for Matrix Laboratories Limited			

I/We note and understand that the equity shares would lie in the special depository account until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

For NRIs/ FIIs/ Foreign Shareholders:

I/We have enclosed the following documents:

☐ No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities;

☐ RBI approvals for acquiring equity shares of Matrix Laboratories Limited hereby tendered in the Offer.

I/We confirm that the equity shares of Matrix Laboratories Limited, which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirer to accept the equity shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/we further authorize the Acquirer to return to me/us, equity share certificate(s)/equity shares in respect of which the Offer is not found valid/not accepted without specifying the reasons thereof.

I/We authorize the Acquirer and the Registrar to the Offer and the Managers to the Offer to send by Registered Post/UPC as may be applicable at my/our risk, the draft/cheque/warrant, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address recorded with the Company. In case I have tendered my equity shares in dematerialized form, I authorize the acquirer and the Registrar to the Offer and the Managers to the Offer to use my details regarding my address and bank account as obtained from the depository for the purpose of mailing the aforementioned instruments.

I/We authorize the Acquirer to accept the equity shares so offered or such lesser number of equity shares that they may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirer to split / consolidate the equity share certificates comprising the equity shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirer hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

Yours faithfully,

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDERS	SIGNATURE(S)
First / Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Note: In case of joint holdings, all holders must sign. A corporation must affix its rubber stamp and submit Board Resolution.

Address of First/Sole Shareholder____

Place : Date :

BANK DETAILS

So as to avoid fraudulent encashment in transit, the Shareholder(s) holding equity shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For equity shares that are tendered in demat form, the Bank account details as obtained from the beneficiary position (download to be provided by the depositories) will be considered and the draft / cheque / warrants will be issued with the said Bank particulars.

Name of the Bank		Branch	
Account No.		Current/Savings/(others : please specify)	

PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER OR TO THE MANAGER TO THE OFFER

General Instructions

(1) In case of shares held in joint names, names of shareholders should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold shares in **Matrix Laboratories Limited**, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.

(2) In case where the signature is subscribed by thumb impression, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.

(3) Non-resident shareholders should enclose copy (ies) of permission received from Reserve Bank of India to acquire shares held by them in **Matrix Laboratories Limited**

(4) In case of bodies corporate, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) for the sale of shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.

(5) All the shareholders should provide all relevant documents which are necessary to ensure transferability of the shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

(a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.

(b) Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).

(c) No Objection Certificate from any lender, if the shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

PLEASE REFER TO THE DETAILED INSTRUCTIONS FOR PROCEDURE FOR ACCEPTANCE AND SETTLEMENT IN THE LETTER OF OFFER.

— — — — — — — — TEAR ALONG THIS LINE — — — — — — — —

All future correspondence, if any, should be addressed to the Registrar to the Offer at the following address quoting your reference Folio No / DP ID / Client ID :

Mondkar Computers Private Limited

(Unit : Matrix Laboratories Limited - Open Offer)

21, Shakil Niwas, Opposite Satya Sai Baba Temple

Mahakali Caves Road, Andheri East, Mumbai 400 093

Tel: +91 22 2826 2920 Fax: +91 22 2836 6620

E-mail: open_offer@rediffmail.com

Contact Person: Ashok Gupta

FORM OF WITHDRAWAL
MATRIX LABORATORIES LIMITED OPEN OFFER

From
Folio No./DP ID No./Client ID No.:

OFFER OPENS ON	:	NOVEMBER 22, 2006 (WEDNESDAY)
LAST DATE OF WITHDRAWAL	:	DECEMBER 6, 2006 (WEDNESDAY)
OFFER CLOSES ON	:	DECEMBER 11, 2006 (MONDAY)

To

Mondkar Computers Private Limited
[Unit: Matrix Laboratories Limited - Open Offer]
21, Shakil Niwas, Opposite Satya Sai Baba Temple
Mahakali Caves Road, Andheri East, Mumbai 400 093
Tel: +91 22 2826 2920 Fax: +91 22 2836 6620
E-mail: open_offer@rediffmail.com

Dear Sir,

"Sub: Offer made by MP Laboratories (Mauritius) Ltd. to the public Shareholders of Matrix ("Shareholders") to acquire up to 30,831,962 fully paid-up voting equity shares of Rs. 2/- each and up to 4,700 partly paid-up equity shares of Rs. 2/- each, representing 20.0% of the fully diluted share capital ("Offer")of Matrix at Rs. 306 /- (Rupees Three Hundred And Six Only) per fully paid-up voting equity share and at Rs. 294 /- (Rupees Two Hundred And Ninety Four Only) per partly paid-up equity share, payable in cash and subject to the terms and conditions mentioned hereinafter"

I/We refer to the public announcement dated August 29, 2006 and the Letter of Offer dated November 15, 2006 for acquiring the equity shares held by me/us in Matrix Laboratories Limited. I/We, the undersigned have read the aforementioned public announcement(s) and Letter of Offer and understood their contents unconditionally accept the terms and conditions as mentioned therein.

I / We hereby consent unconditionally and irrevocably to withdraw my / our equity shares from the Offer and I / we further authorize the Acquirer to return to me / us, the tendered equity share certificate(s) / equity share(s) at my / our sole risk.

I / We note that upon withdrawal of my / our equity shares from the Offer, no claim or liability shall lie against the Acquirer / Managers to the Offer / Registrars to the Offer.

I / We note that this Form of Withdrawal should reach the Registrars to the Offer on or before the last date of withdrawal i.e. Wednesday, December 6, 2006.

I / We note the Acquirer / Managers to the Offer / Registrars to the Offer shall not be liable for any postal delay / loss in transit of the equity shares held in physical form and also for the non-receipt of equity shares held in the dematerialized form in the DP account due to inaccurate / incomplete particulars/ instructions.

I / We also note and understand that the Acquirer will return the original equity share certificate(s), share transfer deed(s) / equity shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

The particulars of tendered original equity share certificate(s) and duly signed transfer deed(s) are detailed below:

Sr.No.	Ledger Folio No.	Certificate No (s)	Distinctive No.(s)		No of fully paid-up equity shares	No of shares withdrawn
			From	To		
1						
2						
3						
4						
5						
				Total number of Equity Shares		

Note: Please attach an additional sheet of paper if the above space is insufficient and authenticate the same.

TEAR HERE

TEAR ALONG THIS LINE

ACKNOWLEDGEMENT SLIP

MATRIX LABORATORIES LIMITED OPEN OFFER - WITHDRAWAL

Received from Mr./Ms./M/s. ______________________ residing at ______________________

____

a Form of Withdrawal for ______________ shares along with a copy of:

☐ Acknowledgement slip against tender of the shares earlier in the offer for __________ shares.

☐ Copy of delivery instruction slip duly acknowledged by DP.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	

☐ **SHARES IN DEMATERIALIZED FORM**

I / We hold the following equity shares in dematerialized form and had executed an off-market transaction for crediting the equity shares to the "Escrow Account - Open Offer for Matrix Laboratories Limited". Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my / our equity shares have been tendered are as follows:

DP Name	DP ID	Client ID	Beneficiary Name	No. of shares	No. of shares withdrawn

I / We note that the equity shares will be credited back only to that depository account, from which the equity shares have been tendered and necessary standing instructions have been issued in this regard.

I / We confirm that the particulars given above are true and correct.

In case of dematerialized equity shares, I/ we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDERS	SIGNATURE(S)
First / Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Note: In case of joint holdings, all holders must sign. A corporation must affix its rubber stamp.

Address of First/Sole Shareholder____

____

Place: Date:

PLEASE NOTE THAT THE FORM OF WITHDRAWAL SHOULD NOT BE SENT DIRECTLY TO THE ACQUIRER OR TO THE MANAGER TO THE OFFER

General Instructions

(1) In case of shares held in joint names, names of shareholders should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold shares in **Matrix Laboratories Limited**, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Counter Offer.

(2) In case where the signature is subscribed by thumb impression, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.

(3) In case of bodies corporate, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) for the sale of shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.

(4) All the shareholders should provide all relevant documents which are necessary to ensure transferability of the shares in respect of which the withdrawal is being sent. Such documents may include (but not be limited to):

(a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.

(b) Duly attested power of attorney if any person apart from the shareholder has signed withdrawal form or transfer deed(s).

PLEASE REFER TO THE DETAILED INSTRUCTIONS FOR PROCEDURE FOR WITHDRAWAL IN THE LETTER OF OFFER.

— — — — — — — — — — — — — — — — TEAR ALONG THIS LINE — — — — — — — — — — — — — — — —

All future correspondence, if any, should be addressed to the Registrar to the Offer at :

Mondkar Computers Private Limited

(Unit : Matrix Laboratories Limited - Open Offer)

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E-mail: open_offer@rediffmail.com

Contact Person: Ashok Gupta