

Dated 4th May, 2009

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra-Kurla Complex,
Bandra (East),
Mumbai – 400 051.

Fax: 022 – 26598237/38

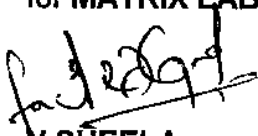
Dear Sir,

Sub: Submission of copies of Notice of EGM
Ref : Clause 31 (c) of the Listing Agreement
Symbol: MATRIXLABS Series: EQ

Pursuant to Clause 31(c) of the Listing Agreement, attached please find 3 copies of the Notice of the Extraordinary General Meeting scheduled to be held on Saturday, the 30th day of May, 2009 at Hyderabad.

Thanking you,

Yours faithfully,
for **MATRIX LABORATORIES LIMITED**



V SHEELA
COMPANY SECRETARY &
GENERAL MANAGER (LEGAL)

Encl.: As above

MATRIX LABORATORIES LIMITED

Regd. Off: 1-1-151/1, IV Floor, Sairam Towers,
Alexander Road, Secunderabad - 500 003.
Phones:91-40-27700363, 66327722 Fax:040-27700343
E-mail: investorrelations@matrixlabsindia.com

NOTICE

NOTICE is hereby given that an Extraordinary General Meeting of the members of Matrix Laboratories Limited ("Company") will be held on Saturday, the 30th day of May, 2009 at 10.30 am at Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad - 500034 to transact the following business:

SPECIAL BUSINESS

Item 1:

1. To consider and, if thought fit, pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company, the Listing Agreement entered into between the Company and the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited (collectively, "the Stock Exchanges"), the guidelines and clarifications issued by the Securities and Exchange Board of India, including but not limited to the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and any other statutory/regulatory or judicial authority(ies), and subject to all other approvals, permissions, consents and sanctions of any authority(ies) as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (including any committee thereof), in partial modification to the resolution passed by the shareholders at the meeting held on December 16, 2004, and further subject to MP Laboratories (Mauritius) Ltd. ("MPLL") making a public announcement accepting the discovered price or announcing an exit price determined in the voluntary delisting offer ("Offer"), the consent of the Company be and is hereby accorded for amendment of the Employee Stock Option Plan 2004 approved vide shareholder resolution dated December 16, 2004 ("ESOP Plan 2004") in accordance with the following:

(A) to provide persons who are, or were at the relevant time, in permanent employment of the Company or its present or future subsidiaries, including any directors of the

Company, whether in whole time employment or otherwise, and who are entitled to options ("ESOPs") to purchase equity shares of the Company under the ESOP Plan 2004, an opportunity of an early exercise of their ESOPs in accordance with the following terms:

- (i) All ESOPs of option holders opting for this early exercise opportunity whose ESOPs are not already vested, will immediately and automatically vest with such option holders.
 - (ii) The exercise price of all ESOPs which are already vested but un-exercised, or which vest as contemplated by paragraph (i) above, would, if exercised in this early exercise opportunity, be re-priced downwards ("Reset Price"), by offering a price discount of 10% on the exercise price arrived at in accordance with the 'Black - Scholes' method, provided further that the Board of Directors including a Committee thereof, shall have the sole and absolute discretion to increase such discount to up to 30% in the event the market price and/or exit price at the relevant time is less than Rs.150/-.
 - (iii) Simultaneously with the exercise of the early exercise opportunity by an option holder, the option holder shall make an application to the Company for exercise of the ESOPs at the Reset Price.
 - (iv) This early exercise opportunity would be available from the day immediately following the day on which MPLL makes a public announcement of acceptance of the discovered price or announcing an exit price under the Offer until the expiry of the six (6) month period from the date of delisting of the equity shares of the Company from the Stock Exchanges ("Reset Period"). The option holders may opt for an early exercise in accordance with these terms at any time during the Reset Period.
- (B) If, on completion of the fifteen (15) day period after the date of final settlement for demat shareholders in accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, there exist any outstanding ESOPs, the option holder's right to subscribe to unissued shares of the Company will stand replaced with a right to purchase existing shares of the Company from an employee welfare trust of the Company to be declared with the object, inter alia, of the welfare of the employees and directors of the Company and its subsidiaries ("ESOP Trust"). The ESOP Trust would be allotted such number of equity shares of the Company as are equivalent to the number of ESOPs outstanding at the time of completion of such fifteen (15) day period, at the Reset Price determined in accordance with (ii) above.
- (C) The ESOP holders who have not opted for the early exercise opportunity prior to the expiry of the fifteen (15) day period after the date of final settlement for demat shareholders may still avail of the early exercise opportunity by applying to the ESOP Trust to acquire equity shares of the Company at the Reset Price at any time during the Reset Period.

(D) The ESOPs of option holders who choose not to opt for the early exercise opportunity within the Reset Period shall continue on the original terms and conditions of grant of the ESOPs contained in the ESOP Plan 2004 subject to sub clause (B) above.

RESOLVED FURTHER THAT, the amended ESOP Plan 2004 initiated by the Chairman for identification purposes and a copy of which has been kept available for inspection at the registered office of the Company and is placed before the meeting, be and is hereby approved.

RESOLVED FURTHER THAT, the amended ESOP Plan 2004 shall come into effect upon and subject to MPLL making a public announcement accepting the discovered price or announcing an exit price determined in the Offer.

RESOLVED FURTHER THAT, for the purpose of giving effect to the above resolutions, the Board and the Compensation Committee of the Board and any officer or employee authorised by them be and is hereby authorized to do all such acts, deeds, matters and things, and resolve any doubts or questions, that may arise in giving effect to any modification to the ESOP Plan 2004 in the best interests of the Company, its shareholders and its employees including directors and to execute all such writings and instruments as the Board or the Compensation Committee of the Board may in its absolute discretion deem necessary or desirable."

2. To consider and, if thought fit, pass, with or without modification, the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company, the Listing Agreement entered into between the Company and the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited (collectively, "the Stock Exchanges"), the guidelines and clarifications issued by the Securities and Exchange Board of India, including but not limited to the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and any other statutory/regulatory or judicial authority(ies), and subject to all other approvals, permissions, consents and sanctions of any authority(ies) as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (including any committee thereof), in partial modification to the resolution passed by the shareholders at the meeting held on March 1, 2006, and further subject to MP Laboratories (Mauritius) Ltd. ("MPLL") making a public announcement accepting the discovered price or announcing an exit price determined in the voluntary delisting offer ("Offer"), the consent of the Company be and is hereby accorded for amendment of the Employee Stock Option Plan 2006 approved vide

shareholder resolutions dated March 1, 2006 ("ESOP Plan-1 2006") in accordance with the following:

(A) to provide persons who are, or were at the relevant time, in employment of the Company or its present or future subsidiaries, including any directors of the Company, whether in whole time employment or otherwise, and who are entitled to options to purchase equity shares of the Company under the ESOP Plan-1 2006, an opportunity of an early exercise of their options in accordance with the following terms:

- (i) All employee stock options ("ESOPs") of option holders opting for this early exercise opportunity will immediately and automatically vest with such option holders.
- (ii) The exercise price of all ESOPs which are already vested but un-exercised, or which vest as contemplated by paragraph (i) above, would, if exercised in this early exercise opportunity, be re-priced downwards ("Reset Price"), by offering a price discount of 10% on the exercise price arrived at in accordance with the 'Black - Scholes' method, provided further that the Board of Directors including a Committee thereof, shall have the sole and absolute discretion to increase such discount to up to 30% in the event the market price and/or exit price at the relevant time is less than Rs.150/-.
- (iii) Simultaneously with the exercise of the early exercise opportunity by an option holder, the option holder shall make an application to the Company for exercise of the ESOPs at the Reset Price.
- (iv) This early exercise opportunity would be available from the day immediately following the day on which MPLL makes a public announcement of acceptance of discovered price or announcing an exit price under the Offer until the expiry of the six (6) month period from the date of delisting of the equity shares of the Company from the Stock Exchanges ("Reset Period"). The option holders may opt for an early exercise in accordance with these terms at any time during the Reset Period.

(B) If, on completion of the fifteen (15) day period after the date of final settlement for demat shareholders in accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, there exist any outstanding ESOPs, the option holder's right to subscribe to unissued shares of the Company will stand replaced with a right to purchase existing shares of the Company from an employee welfare trust of the Company to be declared with the object, inter alia, of the welfare of the employees and directors of the Company and its subsidiaries ("ESOP Trust"). The ESOP Trust would be allotted such number of equity shares of the Company as are equivalent to the number of ESOPs outstanding at the time of completion of such fifteen (15) day period, at the Reset Price determined in accordance with (ii) above.

(C) The ESOP holders who have not opted for the early exercise opportunity prior to the expiry of the fifteen (15) day period after the date of final settlement for demat shareholders may still avail of the early exercise opportunity by applying to ESOP Trust to acquire equity shares of the Company at the Reset Price at any time during the Reset Period.

(D) The ESOPs of option holders who choose not to opt for the early exercise opportunity within the Reset Period shall continue on the original terms and conditions of grant of the ESOPs contained in the ESOP Plan-1 2006 subject to sub clause (B) above.

RESOLVED FURTHER THAT, the amended ESOP Plan-1 2006 initialed by the Chairman for identification purposes and a copy of which has been kept available for inspection at the registered office of the Company and is placed before the meeting, be and is hereby approved.

RESOLVED FURTHER THAT, the amended ESOP Plan-1 2006 shall come into effect upon and subject to MPLL making a public announcement accepting the discovered price or announcing an exit price determined in the Offer.

RESOLVED FURTHER THAT, for the purpose of giving effect to the above resolutions, the Board and the Compensation Committee of the Board and any officer or employee authorised by them be and is hereby authorized to do all such acts, deeds, matters and things, and resolve any doubts or questions, that may arise in giving effect to any modification to the ESOP Plan - 1 2006 in the best interests of the Company, its shareholders, and its employees including directors and to execute all such writings and instruments as the Board or the Compensation Committee of the Board may in its absolute discretion deem necessary or desirable."

3. To consider and, if thought fit, pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company, the Listing Agreement entered into between the Company and the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited (collectively, "**the Stock Exchanges**"), the guidelines and clarifications issued by the Securities and Exchange Board of India, including but not limited to the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and any other statutory/regulatory or judicial authority(ies), and subject to all other approvals, permissions, consents and sanctions of any authority(ies) as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (including any committee thereof),

in partial modification to the resolution passed by the shareholders at the meeting held on September 25, 2006, and further subject to MP Laboratories (Mauritius) Ltd. ("MPLL") making a public announcement accepting the discovered price or announcing an exit price determined in the voluntary delisting offer ("Offer"), the consent of the Company be and is hereby accorded for amendment of the Employee Stock Option Plan 2006 approved vide shareholder resolutions dated September 25, 2006 ("ESOP Plan-2 2006") in accordance with the following:

(A) to provide persons who are, or were at the relevant time, in permanent employment of the Company or its present or future subsidiaries, including any directors of the Company, whether in whole time employment or otherwise, and who are entitled to options to purchase equity shares of the Company under the ESOP Plan-2 2006, an opportunity of an early exercise of their options in accordance with the following terms:

(i) All employee stock options ("ESOPs") of option holders opting for this early exercise opportunity will immediately and automatically vest with such option holders.

The exercise price of all ESOPs which are already vested but un-exercised, or which vest as contemplated by paragraph (i) above, would, if exercised in this early exercise opportunity, be re-priced downwards ("Reset Price"), by offering a price discount of 10% on the exercise price arrived at in accordance with the 'Black - Scholes' method, provided further that the Board of Directors including a Committee thereof, shall have the sole and absolute discretion to increase such discount to up to 30% in the event the market price and/or exit price at the relevant time is less than Rs.150/-.

(ii) Simultaneously with the exercise of the early exercise opportunity by an option holder, the option holder shall make an application to the Company for exercise of the ESOPs at the Reset Price.

(iii) This early exercise opportunity would be available from the day immediately following the day on which MPLL makes a public announcement of acceptance of the discovered price or announcing an exit price under the Offer until the expiry of the six (6) month period from the date of delisting of the equity shares of the Company from the Stock Exchanges ("Reset Period"). The option holders may opt for an early exercise in accordance with these terms at any time during the Reset Period.

(B) If, on completion of the fifteen (15) day period after the date of final settlement for demat shareholders in accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, there exist any outstanding ESOPs, the option holder's right to subscribe to unissued shares of the Company will stand replaced with a right to purchase existing shares of the Company from an employee welfare trust of the Company to be declared with the object, inter alia, of the welfare of the employees and

directors of the Company and its subsidiaries ("ESOP Trust"). The ESOP Trust would be allotted such number of equity shares of the Company as are equivalent to the number of ESOPs outstanding at the time of completion of such fifteen (15) day period, at the Reset Price determined in accordance with (ii) above.

(C) The ESOP holders who have not opted for the early exercise opportunity prior to the expiry of the fifteen (15) day period after the date of final settlement for demat shareholders may still avail of the early exercise opportunity by applying to the ESOP Trust to acquire equity shares of the Company at the Reset Price at any time during the Reset Period.

(D) The ESOPs of option holders who choose not to opt for the early exercise opportunity within the Reset Period shall continue on the original terms and conditions of grant of the ESOPs contained in the ESOP Plan-2 2006 subject to sub clause (B) above.

RESOLVED FURTHER THAT, the amended ESOP Plan-2 2006 initialed by the Chairman for identification purposes and a copy of which has been kept available for inspection at the registered office of the Company and is placed before the meeting, be and is hereby approved.

RESOLVED FURTHER THAT, the amended ESOP Plan 2004 shall come into effect upon and subject to MPLL making a public announcement accepting the discovered price or announcing an exit price determined in the Offer.

RESOLVED FURTHER THAT, for the purpose of giving effect to the above resolutions, the Board and the Compensation Committee of the Board and any officer or employee authorised by them be and is hereby authorized to do all such acts, deeds, matters and things, and resolve any doubts or questions, that may arise in giving effect to any modification to the ESOP Plan - 2 2006 in the best interests of the Company, its shareholders, and its employees including directors and to execute all such writings and instruments as the Board or the Compensation Committee of the Board may in its absolute discretion deem necessary or desirable."

4. To consider and, if thought fit, pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, and further subject to the guidelines and clarifications issued by the Securities and Exchange Board of India, including but not limited to the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and in partial

modification of the resolutions of the shareholders dated December 16, 2004, March 1, 2006 and September 25, 2006, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Compensation Committee which the Board may constitute to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue and allot, in accordance with the provisions of the ESOP Plans (as defined below), at a price equal to the Reset Price (as defined above) applicable to the options in respect of such equity shares under the ESOP Plan, upto 1,839,345 equity shares of the Company at any time in one or more tranches, to the trustee(s) of a trust formed with the object, inter alia, of the benefit of the employees and directors of the Company and/or subsidiaries of the Company (such trust, the "ESOP Trust"), which trustee(s) shall hold and deal with such shares under the ESOP Plans for the benefit of such person(s) who are entitled to options representing equity shares of the Company under the following schemes: Employee Stock Option Plan 2004 approved vide shareholder resolutions dated December 16, 2004 ("ESOP Plan 2004") as amended, Employee Stock Option Plan 2006 approved vide shareholder resolutions dated March 1, 2006 ("ESOP Plan-1 2006") as amended and Employee Stock Option Plan 2006 approved vide shareholder resolutions dated September 25, 2006 ("ESOP Plan-2 2006") as amended (together, the "ESOP Plans"), and such issue to be on such terms and conditions as may be fixed or determined by the Compensation Committee in accordance with the provisions of the law and guidelines issued by the relevant Authority."

RESOLVED FURTHER that such equity shares shall rank pari-passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT any outstanding shares after the expiry of the ESOP Plans shall be held and dealt with by the trustee(s) of the ESOP Trust in accordance with the objects of the ESOP Trust and the terms and conditions prescribed under the deed of trust.

RESOLVED FURTHER THAT, for the purpose of giving effect to the above resolutions, the Board and the Compensation Committee of the Board be and is hereby authorized to do all such acts, deeds, matters and things, and resolve any doubts or questions, that may arise in giving effect to the above resolution and to execute all such writings and instruments as the Board or the Compensation Committee of the Board may in its absolute discretion deem necessary or desirable."

**By Order of the Board of Directors
For Matrix Laboratories Limited**

Place : Secunderabad
Date : 3rd May, 2009

V. Sheela
Company Secretary & General Manager (Legal)

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. A form of proxy is enclosed and, if intended to be used and in order for it to be effective, should be returned to the Company duly completed not less than 48 hours before the meeting.
2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the proposed resolution is annexed hereto.
3. All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the registered office of the Company during office hours on all working days, except Saturdays, Sundays and Holidays, between 10 a.m. and 5 p.m. up to the date of the extraordinary general meeting.
4. The members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
5. Members are requested to intimate the Company, the change, if any, in their registered address quoting the Folio No. to the Company.
6. Members who are holding the Company's shares in dematerialized form are required to bring details of their depository account number for identification.
7. The members are requested to send their queries, if any, to the registered office of the Company located at 1-1-151/1, IV Floor, Sai Ram Towers, Alexander Road, Secunderabad, Andhra Pradesh, 500 003, India, marking the envelope to the attention of the Company Secretary.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item Nos. 1 to 3

As required by Section 173(2) of the Companies Act, 1956, the following explanatory statement sets out the material facts related to the special business of the accompanying notice:

The shareholders of Matrix Laboratories Limited ("Company") have vide resolution dated April 30, 2009, approved a voluntary delisting offer ("Offer") by MP Laboratories (Mauritius) Ltd ("MPLL") to delist the equity shares of the Company from the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited (collectively the "Stock Exchanges"), in accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 ("Delisting Guidelines").

In terms of Regulation 14(3) of the Delisting Guidelines, if a company has any "convertible instruments" outstanding it shall not be allowed to delist till the exercise of the conversion options.

The Company had, vide shareholder resolutions dated December 16, 2004, March 1, 2006 and September 25, 2006 created the Employee Stock Option Plan 2004, Employee Stock Option Plan 2006 and Employee Stock Option Plan 2006, respectively, for the benefit of employees and directors of the Company and its subsidiaries (collectively "ESOP Plans"), and approved the issue, offer and allotment, to its eligible employees and directors and that of its subsidiaries (collectively "Option Holders"), options to subscribe to the equity shares of the Company ("ESOP") not exceeding an aggregate of 80,000,000 ESOPs, with each ESOP conferring a right upon the employee to apply for one equity share of Rs. two (2) each. Consequently, employee stock option agreements ("ESOP Agreements") have been entered into between the Company and the eligible employees and directors to whom ESOPs have been granted. As on March 31, 2009 a total of 1,085 employees and directors have been issued ESOPs and the total number of outstanding ESOPs is 1,839,345.

Under the ESOP Plans, the Compensation Committee of the Company has been empowered to issue, offer and allot ESOPs to eligible employees and directors of the Company and its subsidiaries. The vesting of ESOPs granted to them is staggered over a period of four (4) years from the date of the grant and the ESOPs can be exercised within a period of five (5) years from the date of vesting. The price at which the options can be exercised by the employees once vested is at a discount of 20% to the six (6) month average closing market price of the equity shares of the Company on the National Stock Exchange of India Limited prior to the date of the grant. The Compensation Committee has granted ESOPs to eligible employees and directors during the period 2005 to 2006 in five (5) tranches and the exercise price for the

ESOPs that have been granted and are currently outstanding varies between Rs. 143/- to Rs. 210/- as detailed below:

Summary as on 31.03.2009						
	First Grant	Second Grant	Third Grant	Fourth Grant	Fifth Grant	Total
Date of Grant	5.02.2005	28.07.2005	27.02.2006	11.05.2006	27.08.2006	-
Total Stock Options Granted	3,000,000	1,088,000	666,000	155,000	491,500	5,400,500
Total Stock Options Exercised	1,073,975	258,250	51,206	-	-	1,383,431
Total Stock Options Lapsed/Cancelled	1,006,120	643,900	231,704	80,000	216,000	2,177,724
Outstanding Stock Options as on 31.03.2009	919,905	185,850	383,090	75,000	275,500	1,839,345
Vested Stock Options out of above Outstanding.	919,905	121,075	327,895	37,500	140,834	1,547,209
Unvested Stock Options out of above Outstanding.	Nil	64,775	55,195	37,500	134,666	292,136
No. of Employees	693	147	141	4	100	1,085

Paragraph 7(2) of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, ("ESOP Guidelines") provides that a company may by special resolution in a general meeting vary the terms of an employee stock option scheme offered pursuant to an earlier resolution of the general body but not yet exercised by the employee provided that such variation is not prejudicial to the interests of the option holders. The Company, subject to MPLL making a public announcement accepting the discovered price or announcing an exit price determined in the Offer proposes to amend the provisions of the ESOP Plans in the following manner with effect from the date of such announcement:

(A) The Option Holders would be offered an opportunity whereby the Option Holders may, at their discretion, opt for an early exercise of their ESOPs ("Early Exercise") in accordance with the following terms:

(i) All unvested ESOPs exercised in the Early Exercise will immediately and automatically vest with the Option Holders.

- (ii) The exercise price of all ESOPs under the original ESOP Plans, which are already vested but are un-exercised, and which are exercised in this early exercise opportunity, would be re-priced downwards ("**Reset Price**"), by offering a price discount of 10% on the exercise price arrived at in accordance with the 'Black - Scholes' method, provided further that the Board of Directors including a Committee thereof, shall have the sole and absolute discretion to increase such discount to up to 30% in the event of the market price and/or exit price at the relevant time is less than Rs.150/-.

The Black-Scholes model requires the consideration of certain variables such as volatility, risk free rate, expected dividend yield, expected option life, market price and exercise price for the calculation of fair value of the option. These variables significantly influence the fair value and any change in these variables could significantly affect the fair value of the option.

- (iii) The exercise price of all ESOPs exercised in this Early Exercise opportunity would be re-priced downwards ("**Reset Price**"), by offering a price discount of 10% on the exercise price arrived at in accordance with the 'Black - Scholes' method, provided further that the Board of Directors including a Committee thereof, shall have the sole and absolute discretion to increase such discount to up to 30% in the event of the market price and/or exit price at the relevant time is less than Rs.150/-.
- (iv) Simultaneously with the exercise of the Early Exercise opportunity by an Option Holder, the Option Holder shall make an application to the Company for exercise of the ESOPs at the Reset Price.
- (v) This Early Exercise opportunity would be available from the day immediately following the day on which MPLL makes a public announcement of acceptance of the discovered price or announcing an exit price under the Offer until the expiry of the six (6) month period from the date of delisting of the equity shares of the Company from the Stock Exchanges ("**Reset Period**"). The Option Holders may opt for the Early Exercise in accordance with these terms at any time during the Reset Period.

(B) If, on completion of the fifteen (15) day period after the date of final settlement for demat shareholders in accordance with the Delisting Guidelines, there exist any outstanding ESOPs, the Option Holder's right to subscribe to unissued shares of the Company will stand replaced with a right to purchase existing shares of the Company from the Employee Welfare Trust of the Company to be declared with the object, inter alia, of welfare of the employees of the Company and its subsidiaries ("**ESOP Trust**"). The ESOP Trust would be allotted such number of equity shares of the Company as are equivalent to the number of all outstanding ESOPs, at the Reset Price per share. Consequently, at the time of making the delisting application, there will be no outstanding convertible instruments of the Company as the outstanding ESOPs will be only over existing shares held by the ESOP Trust.

(C) The Option Holders who have not opted for the Early Exercise prior to the expiry of the fifteen (15) day period after the date of final settlement for demat shareholders may still avail of the Early Exercise by applying to the ESOP Trust to acquire equity shares of the Company at the Reset Price at any time during the Reset Period.

(D) The ESOPs of Option Holders who choose not to opt for the Early Exercise within the Reset Period shall continue on the original terms and conditions of grant of the ESOPs contained in the ESOP Plans subject to sub-clause (v) above.

The ESOP Trust mentioned above shall be a trust declared by a grant from the Company with the object, inter alia, of welfare of the employees of the Company and its subsidiaries until all outstanding options to purchase shares of the Company are exercised by the option holders or lapse. The ESOP Trust shall be funded by loan(s) from the Company and/or third parties. Section 77(2)(b) of the Companies Act, 1956 relaxes the restriction on loans by a company for purchase of its own shares in case of loan being extended by a company to a trust for the purchase of fully paid-up shares in the company "to be held by or for the benefit of employees of the company, including any director holding a salaried office or employment in the company". Therefore, in case and to the extent the ESOP Trust is required to purchase shares of the Company for the persons permitted under Section 77(2)(b) of the Companies Act, 1956, the ESOP Trust may be funded by a loan either from the Company or from third parties. In case the ESOP Trust is required to subscribe to shares of the Company for the benefit of persons who have ceased to be in the employment of the Company or are employees of subsidiaries of the Company or are non-salaried directors, the ESOP Trust may be funded to that extent by loans only from third parties.

The Board considers that the amendments of the ESOP Plans contemplated herein will not be detrimental to the interests of the Option Holders for the following reasons:

- (i) The Early Exercise provides for immediate vesting of the ESOPs. Accordingly, Option Holders would not have to wait for a longer time period to acquire the right to exercise their ESOPs;
- (ii) The Early Exercise enables the Option Holders to exercise their ESOPs at the Reset Price, which would be much lower than the original exercise price. In view of the current market price of the shares of the Company being lower than the original exercise price, it may be beneficial for the Option Holders to exercise their ESOPs and acquire shares of the Company at the Reset Price;
- (iii) If the Option Holders choose not to opt for the Early Exercise, their rights under the original ESOP Plans continue without any material alteration.
- (iv) The Company has received confirmation from independent expert valuers that the proposed amendments to the ESOP Plans do not prejudice the value of the ESOPs;

The amendment of the ESOP Plans will be in compliance with the ESOP Guidelines. The Company shall conform to the accounting policies specified in Clause 13.1 of the ESOP Guidelines. The Company shall use the intrinsic value method to value the ESOPs. In case the Company calculates the employee compensation cost using the intrinsic value of the ESOPs, the difference between the employee compensation cost so computed and the employee compensation cost that would have been recognized if it had used the fair value of the options and the impact of this difference on profits and earnings per share of the Company, shall be disclosed in the directors report of the Company.

All the persons who are entitled to options under the ESOP Plans will be affected by the above amendments. The details of the employees who hold the options are available with the Company and shareholders seeking their details may make an application to the Company to receive a copy of the same.

Copies of the amendments proposed to the ESOP Plans are kept for inspection at the registered office of the Company on all working days between 10 am and 5 pm.

The Board therefore, submits the resolution for your consideration and recommends it to be passed as a special resolution.

None of the directors of the Company, except Mr. S. Srinivasan and Mr. K.R.V.Subrahmanian to the extent of the ESOPs they hold in the Company, are, in any way, concerned or interested in the proposed special resolution.

Item 4:

The members of the Company had, vide their special resolutions dated December 16, 2004, March 1, 2006 and September 25, 2006, approved the issuance of the ESOPs under the ESOP Plans and the issue of equity shares upon exercise thereof to the employees and directors of the Company and of subsidiaries of the Company. In view of the proposed amendments to the ESOP Plans, the approval of the shareholders is sought by way of a special resolution to modify the abovementioned shareholder resolutions so as to permit the issuance of the shares equivalent to a maximum of the outstanding options under the ESOP Plans to the trustee(s) of the ESOP Trust, at the Reset Price per equity share, to be held by the trustee(s) in trust in accordance with the terms of the ESOP Trust.

As the ESOP Plans now provide for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and as per clause 6 and 7 of the ESOP Guidelines.

**By Order of the Board of Directors
For Matrix Laboratories Limited**

Place : Secunderabad
Date : 3rd May, 2009

V. Sheela
Company Secretary & General Manager (Legal)

MATRIX LABORATORIES LIMITED

Regd. Off: 1-1-151/1, IV Floor, Sairam Towers, Alexander Road, Secunderabad - 500 003.
 Phones:91-40-27700363, 66327722 Fax:040-27700343
 E-mail: investorrelations@matrixlabsindia.com

PROXY FORM

I/We of being a member/members of Matrix Laboratories Limited, hereby appoint of or failing him/her of as my/our proxy to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company, to be held on Saturday, the 30th day of May, 2009 at Hotel Taj Krishna, Road No. 1, Banjara Hills, Hyderabad - 500 034 at 10.30 a.m.

Signed this..... day of 2009.

Folio / Client ID No:.....

No. of shares held :.....



Signature

Note: This form duly completed should be deposited at the Regd. Office of the Company not less than 48 hours before the time for holding the meeting.

MATRIX LABORATORIES LIMITED

Regd. Off: 1-1-151/1, IV Floor, Sairam Towers, Alexander Road, Secunderabad - 500 003.
 Phones:91-40-27700363, 66327722 Fax:040-27700343
 E-mail: investorrelations@matrixlabsindia.com

ATTENDANCE SLIP

I hereby record my presence at the Extraordinary General Meeting of the Shareholders of the Company to be held on Saturday, the 30th day of May, 2009 at Hotel Taj Krishna, Road No. 1, Banjara Hills, Hyderabad - 500 034 at 10.30 a.m.

.....
 Full Name of the Shareholder (in block letters) Signature

Folio /Client ID No:..... No. of Shares held:

.....
 Full Name of the Proxy (in block letters) Signature
 (To be filled if the Proxy attends instead of the member)

Note: Member/Proxy holder willing to attend the meeting must bring this Attendance Slip to the meeting and hand it over at the entrance duly signed.