

A N E W P E R S P E C T I V E



M A T R I X



Annual Report 2001-2002



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**BOARD OF DIRECTORS**

Sri. N. Prasad - Chairman  
Sri. M. Ravinder - Executive Director (Operations)  
Dr. C. Satyanarayana - Executive Director  
(Technical & Business Development)  
Sri. C. Rama Krishna - Director  
Dr. Mohana R Velagapudi - Director  
Sri. M. Kishore Kumar - Alternative Director to  
Dr. Mohana R Velagapudi

**COMPANY SECRETARY**

Sri. N. Anjaneyulu

**STATUTORY AUDITORS**

M/s. Rambabu & Co - Chartered Accountants  
31 Pancom Chambers, Raj Bhavan Road,  
Hyderabad - 500 082.

**AUDIT COMMITTEE**

Sri. C. Rama Krishna - Chairman  
Sri. N. Prasad - Member  
Sri. M. Kishore Kumar - Member

**REGISTERED OFFICE**

1-1-151/1, IV Floor, Sairam Towers,  
Alexander Road, Secunderabad - 500 003.  
Andhra Pradesh, India.

**BANKERS**

State Bank of India  
Overseas Branch  
5-9-300, Abids, Hyderabad - 500 001.

**WORKS**

Gaddapotharam,  
Khazipally Industrial Estate,  
Jinnaram Mandal, Medak Dist. A.P.  
  
Plot Nos. 38, 39, 50 & 51, IDA,  
Phase IV, Jeedimetla , Hyderabad - 500 055  
  
16/B/1, S.V. Co-op. Indl. Estate  
I.D.A., Jeedimetla, Hyderabad - 500 055

**R & T AGENTS  
(Physical and Demat)**

M/s. Venture Capital & Corporate Investments Ltd.  
6-2-913/914, III rd Floor, Progressive Towers,  
Khairatabad, Hyderabad - 500 004.

## Notice

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Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Matrix Laboratories Limited will be held on Saturday the 6th day of July, 2002 at 10.00 a.m. at Hotel Tulip Manohar, Begumpet, Hyderabad - 500 016 to transact the following business.

### Ordinary Business

1. To receive, consider and adopt the Audited Accounts for the year ending 31st March 2002 along with the Reports of the Directors and auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. C. Ramakrishna who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit to pass the following resolution with or without modification as an ordinary resolution.

"Resolved that M/s. Rambabu & Co., Chartered Accountants, Hyderabad be and are hereby reappointed as the Auditors of the Company to hold the office from the conclusion of this Annual General meeting till the conclusion of the next Annual General Meeting at such remuneration as may be decided by the Board of Directors, and reimbursement of out-of-pocket expenses and fees for other services".

### Special Business

5. To consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution

"Resolved that pursuant to Section 31 of the Companies Act, 1956 the Articles of Association of the Company be and is hereby altered in the following manner".

Articles 58,59 & 64 of the Articles of Association shall be deleted and substituted as follows

#### Article 58

The Directors shall from time to time decide their own remuneration for the attendance of the Board Meeting. But in no case it shall exceed the limits prescribed under Section 310 of the Companies Act, 1956 read with Rule 10(B) of the Companies (Central Government's) General Rules and Forms 1956.

#### Article 59

The Directors may fix a fee to be paid to any director for attending a meeting of the sub Committee or Committees but it shall in no case exceed the limits prescribed under Section 310 of the Companies Act, 1956 read with Rule 10(B) of the Companies (Central Government's) General Rules and Forms 1956.

#### Article 64

The common seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or a Committee of the Board authorized by it in that behalf. Every Instrument to which the Common Seal is affixed shall be signed by two Directors and other officer appointed by the Board for that purpose.

6. To consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution.

"Resolved That pursuant to the provisions of Section 314(1B) and all other applicable provisions of the Companies Act 1956, consent of the Company be and is hereby, accorded to Shri. N. Prakash, a relative of

## Notice

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Shri. N. Prasad, Chairman of the Company, to hold office of the Sr. Manager (materials) of the Company with effect from 1st August, 2002 at a Gross Remuneration of Rs. 19500/- (Rupees Nineteen Thousand Five Hundred only) per month as per the Company's Employment Rules.

Further Resolved that Shri. N. Anjaneyulu Company Secretary, of the Company be and is hereby authorized to take all the necessary steps and to comply with all other necessary formalities in this regard".

7. To consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution.

"Resolved that consent of the Company be and is hereby accorded to the Board of Directors of the Company for keeping the register of members/debenture-holders together with the Index of Members, Index of Debenture holders together with the Index of Members, Index of Debenture holders and copies of all returns prepared under Sections 159 and 160 of the Companies Act, 1956, as also the copies of the certificates and documents required to be annexed thereto under Section 160 and 161 of the Companies Act, 1956, at the shares transfer agent's office at M/s. Venture Capital and Corporate Investments Limited, 6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad - 500 004. Instead of at the Registered Office of the Company at 1-1-151/1, Sai Ram Towers, 4th Floor, Alexander Road, Secunderabad - 500 003.

Resolved Further that the Company be and is hereby directed to intimate the Registrar of Companies, Hyderabad in this regard."

8. To consider and if thought fit, to pass the following resolution as a special resolution with or without modifications.

"Resolved That pursuant to Section 372A and other applicable provisions of the Companies Act, 1956 and subject to approval of any one or all of the Regulatory Bodies/ authorities, Institutions and Lenders, if so required, the Board of Directors be and is hereby authorised to make investments or extend loans on behalf of the Company exceeding 60% of the aggregate of paid-up share capital and free reserves of the Company, whether by way of cash or otherwise".

"Resolved Further that the Board of Directors either by itself or through its Committees be and is hereby authorised to do all such acts, deeds, and things as may be appropriate and necessary in the best interest of the Company and its Shareholders."

"Resolved that subject to the approval of the Reserve Bank of India, other authorities and pursuant to the provision of Section 372A of the Companies Act, 1956, and the provision of guidelines issued by Securities and Exchange Board of India as applicable, authority be and is hereby accorded to the Board of Directors of the Company, to invest the funds of the Company in other Body Corporate or give any guarantee, or provide security in respect of a loan made by any other person to, or to any other person by, any body corporate, in excess of Sixty percent of the Paid-Up Share Capital of the Company and its free reserves, or one hundred percent of its free reserves, which ever is higher.

Resolved Further that the Board of directors of the Company be and is hereby authorised to make open offer to the public for the purpose of acquisition of any Securities in other body corporate held by the public in terms of regulation of the guidelines issued by Securities and Exchange Board of India.

Resolved Further that the Board of Directors of the Company be and is hereby authorised to do all such acts,

## Notice

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deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable and to settle any question, or doubt that may arise relation thereto in order to give effect to the foregoing resolution, or as may be otherwise considered any it to be in the best interest of the Company."

9. To consider and if thought fit, to pass with or without modifications the following resolution as a Special Resolution.

"Resolved that Pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be and is hereby increased from Rs. 9,00,00,000 (Rupees Nine Crores only) to Rs. 15,00,00,000 (Rupees Fifteen Crores only) by creation of 1,50,00,000 Equity Shares of Rs. 10/- each ranking pari passu.

Resolved Further that in Clause V of the Memorandum of Association of the Company the Words Authorised share Capital of the Company is Rs. 15,00,00,000 (Rupees Fifteen Crores only) divided in 1,50,00,000 Equity shares of Rs. 10/- (Rupees Ten only) each be substituted for the existing words Authorised share Capital of the Company is Rs. 9,00,00,000 (Rupees Nine Crores only) divided into 90,00,000 (Ninety Lakhs only) Equity shares of Rs. 10/- (Rupees Ten only) each."

For and on behalf of the Board

Place : Secunderabad  
Date : 28th May, 2002

**M. Ravinder**  
Executive Director (Operations)

### Notes

1. A member eligible to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member.
2. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting at the Registered Office of the Company.
3. An Explanatory Statement pursuant to Section 173 is annexed hereto.
4. Member / Proxies should bring the attendance slips filled in for attending the meeting. Copies of annual Reports will not be provided at the meeting.
5. The "Register of Members and Share Transfer Books" of the Company will remain closed from 5th July 2002 to 6th July 2002 for the purpose of payment of dividend on the equity shares of Company for the year ended 31st March, 2002.
6. The dividend as recommended by the Directors, if declared at the annual General Meeting, will be paid to the members, whose names are on the Company's Register of Members on 6th July 2002 and to the Beneficiary Holders as per the Beneficiary list as on 6th July 2002 provided by the National Securities and Depository Limited and Central Depository Services (India) Limited.
7. Item No. 8 of the Notice requires the approval of member by following Postal Ballot procedure, for which relevant documents are enclosed.

## Annexure to the Notice

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### Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956

#### Item No.5

The Board of Directors feel that the sitting fee may be paid as per Section 310 of the Companies Act, 1956 and also that the common Seal of the Company may be allowed to be affixed in the presence of any two Directors and other officer of the Company appointed by the Board. Accordingly the Articles of Association is proposed to altered in the manner mentioned in the Item No.5 of the notice. Approval of the shareholders in the General Meeting by way of special resolution is required and hence this resolution.

None of the Directors are interested or concerned in the proposed resolution.

The Board recommends, the resolution for the approval of the shareholders.

#### Item No.6

Mr. N. Prakash a relative of Mr. N. Prasad, chairman has been working in the Company as Sr. Manager (Materials) since January, 2001 on a monthly remuneration less than Rs. 10,000/- and after considering the contribution made by him, it is proposed to enhance his salary as detailed in the Item No. 6 of the Notice Approval of the shareholders in terms of Section 314(1b) is required and hence this resolution.

None of the Directors except Mr. N. Prasad who is a relative in terms of Section 2(45) is deemed or concerned in the proposed resolution.

The Board recommends, the resolution for the approval of the shareholders.

#### Item No.7

For sake of operational convenience it is proposed to maintain the Register of Members/debenture holders and other related registers at the office of the shares Transfer Agents - M/s. Venture Capital and Corporate Investments Limited. Approval of the members by way of special resolution in the general meeting is required to be passed and hence this resolution.

None of the Directors are interested or concerned in the proposed resolution.

The Board recommends, the resolution for the approval of the shareholders.

#### Item No.8

As already stated, your Company has registered encouraging growth in all spheres of operations. The Long-term strategy of the Company is to well entrench into Regulatory Markets to sustain the growth targets and also to improve te profitability of the Company. To achieve these twin objectives, the Company has been scouting for Active Pharmaceutical Ingredient Companies preferably based in and around Hyderabad with particular emphasis on units having Regulatory Approvals.

## Annexure to the Notice

The Company has identified Medicorp Technologies India Limited controlled by Chennai base Shriram group of Companies. The details of the Medicorp Technologies India Limited are as follows.

Particulars									
Name of the Company	Medicorp Technologies India Limited								
Registered Office	C-32, Vijay Plaza, Second Avenue, Anna Nagar, Chennai - 600 040.								
Corporate Office	1-1-58/6/6, 1st Floor, Srinidhi Complex, 86, Sarojini Devi Road, Secunderabad - 500 003.								
Location of the Plant	APPIIC Industrial Estate, Pashamylaram - 502 319.								
Main Activity	Active Pharmaceutical Ingredients								
Approvals	<ul style="list-style-type: none"><li>● US FDA for Acyclovir</li><li>● TGA, Australia Approval</li><li>● UK MCA Inspected</li><li>● ISO 9002 and ISO 14000 Accreditation</li></ul>								
Brief Financials	<table><tbody><tr><td>Share Capital</td><td>Rs. 24.24 crores</td></tr><tr><td>Net Worth as on 31st March 2002</td><td>Rs. 16.34 crores</td></tr><tr><td>Sales Turnover for 2001-02</td><td>Rs. 40.65 crores</td></tr><tr><td>Loss for the Year 2001-02</td><td>Rs. 4.83 crores</td></tr></tbody></table>	Share Capital	Rs. 24.24 crores	Net Worth as on 31st March 2002	Rs. 16.34 crores	Sales Turnover for 2001-02	Rs. 40.65 crores	Loss for the Year 2001-02	Rs. 4.83 crores
Share Capital	Rs. 24.24 crores								
Net Worth as on 31st March 2002	Rs. 16.34 crores								
Sales Turnover for 2001-02	Rs. 40.65 crores								
Loss for the Year 2001-02	Rs. 4.83 crores								

Shriram Group and ICICI Group are holding about 45% and 31% of the Share Capital in Medicorp Technologies India Limited (Medicorp). Your Company has entered into an Understanding as already published in News Papers for acquisition of 21% and entire 31% Equity stake from Shriram Group and ICICI Group respectively. Shriram Group includes Shriram Capital Trust Limited, Shriram Chits Private Limited and Shriram Consumable Durable finance, a partnership firm ICICI group includes ICICI Bank Limited and ICICI Venture Funds Management Company Limited. Consequent to this Understanding, as per the SEBI Regulations 10 and 12, the Company has also made Public announcement for Open Offer to acquire Shares from the Shareholders of the Company up to 20% of the Equity Capital of Medicorp at Rs. 23 per share.

The Board of Directors at their meeting held on 17th May 2002 had approved the proposed Investment in the form of Equity, Preference Capital, Loans and Guarantees not exceeding the limits detailed below.

Particulars	Rs. Crores
Equity Investment	31.61
Preference Capital	5.00
Loans	35.00
Guarantees	100.00

The above limits are the maximum limits at any point of time.

## Annexure to the Notice

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As per Section 372A of the Companies Act, 1956 the Board of Directors of the Company can make investments upto:

- 60% of the Paid-up Capital plus Free Reserves

or

- 100% of Free Reserves whichever is higher

Since the proposed Investment in Equity, Preference Capital, Loans and Guarantees exceed the Limits prescribed by the Companies Act under Sec. 372 A, the Company would require to obtain the approval of the Shareholders and hence this resolution.

None of the Directors are interested or concerned in the proposed resolution. The Board recommends, the resolution for the approval of the shareholders by Postal Ballot.

### Item No.9

The present Authorised Capital of the Company is Rs. 9,00,00,000 (Rupees Nine Crores only) divided into 90,00,000 Equity Shares of Rs. 10/- each. In view of the Company's expansion and diversification programmes for which additional capital may be required. The proposed increase of Authorised Share Capital and consequent alterations to the Memorandum and Articles of Association requires approval of the shareholders in the General Meeting and hence this resolution.

None of the Directors are interested or concerned in the proposed resolution.

The Board recommends, the resolution for the approval of the shareholders by Postal Ballot.

for and on behalf of the Board

Place : Secunderabad  
Date : 28th May, 2002

**M. Ravinder**  
Executive Director (Operations)

## Director's Report

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The Directors have pleasure in presenting the Seventeenth Annual Report together with Audited Statement of Accounts for the year ended 31st March 2002.

### Financial Results

Particulars	(Rupees in Lakhs)	
	2001-02	2000-01
Export Sales	2083.62	456.02
Domestic Sales	8134.45	5621.83
Total Sales	10218.07	6077.85
Profit Before Interest and Depreciation	1084.16	666.63
Interest	167.31	144.80
Depreciation	152.56	86.26
Profit Before Tax	764.29	435.57
Provision for Taxation	46.00	16.00
Profit After Tax	718.29	419.57
Profit and Loss Account Balance Brought Down	(150.36)	(569.93)
Prior Period Items & Deferred Tax (Incl. earlier years)	270.02	-
Balance Available for Appropriations	297.91	(150.36)
Provision for Dividend	71.87	-
Profit and Loss Account Balance Carried Forward	226.04	(150.36)

### Review of Operations

Your Directors are pleased to inform you that the Company has registered significant growth in key operational areas. The income from operations has registered a healthy growth of about 53%. The Sales has risen by over 68% as compared to the previous year. The Profit before Interest and Depreciation has gone up by about 63%. Profit before Tax has recorded a growth of over 75%. The encouraging growth rates achieved can be attributed to the various proactive steps initiated by the Company. To summarise

- The Company has changed its focus to high value low volume products
- Thrust on Value added Export Markets
- Emphasis on Research and Development for achieving the Company's objectives
- Focus on Anti-AIDS, Anti-Depressant and other bacterial products

### Dividend

Your directors are happy to recommend a final dividend of Rs. 1/- for every Equity share of Rs. 10/- each. (Previous Year Nil)

### Fixed Deposits

There are no deposits, which have fallen due and have not been repaid.

### Strategic Acquisition

The Company has taken 100% controlling interest in Medicon Laboratories Limited, a Pharmaceutical Formulation Company located at Anrich Industrial Estate, Bollaram near Hyderabad at a cost of Rs.147 Lakhs (Rs. 70.85 Lakhs has been invested in 2001-02) to make a small beginning in the field of Formulations also.

## Director's Report

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### Modernisation cum Expansion of the Plant Facilities

Your Directors are happy to inform you that the Company has successfully upgraded its manufacturing facilities to the cGMP Standards in Jeedimetla Plant during the year. The Company has upgraded one block in Jeedimetla Plant and built one new production block to cater the requirements of high value products for regulated markets. The upgradation work in one more block is going on with full swing. A separate block has been constructed for Research and Development and Quality Control Wings. With all these concrete steps, many International Companies for their supplies have approved the Jeedimetla facilities.

### Utilisation of Preferential Issue Funds

Your Directors are pleased to inform you that the Company has mobilised Rs.545.22 Lakhs by way of Preferential allotment of 32,07,164 shares at a premium of Rs.7/- per share and as contemplated, the proceeds have been utilised for modernisation cum expansion of the Plant at Jeedimetla.

### Business Prospects

Various steps taken in product composition, upgradation of facilities to cGMP standards have started yielding positive results. The Company intend to go for US FDA approval during the ensuing year to further improve the profitability margins.

The focus of the Company is mainly on the regulatory markets such as USA, Canada and Europe. The Company has entered into firm agreements with major international generic Companies for the supply of products going off patent soon. The manufacturing facilities after their upgradation and quality systems have been appreciated by many international customers.

The Directors are confident that the performance of the Company would further improve during the ensuing financial year with various measures initiated during the current financial year.

### Environment

Presently your Company is using the services of common Effluent Treatment Plants at Jeedimetla and Patancheru. However, the Company has acquired nearly 32 acres of land near its Khazipally Unit for building in-house effluent treatment facilities. The objective of the Company is zero discharge scheme. The proposed in-house facility not only ensures compliance with Pollution Control Board discharge standards but also exceeds the regulatory requirements.

### Research and Development

The success of Active Pharmaceutical Ingredient (API) Companies largely depends on Research and Development activities. Your Company has fully recognised this fact and built a 5000 Sq. Ft. state of art separate block for R & D activities. The R & D wing is making all efforts to develop non-infringing process for off patent products and the Company has successfully developed six new products during the year.

### Corporate Governance

The Company has initiated various steps related to Corporate Governance though it not mandatory for the current year. A detailed report on Corporate Governance forming a part of the Directors/ Report is enclosed.

### Directors

In accordance of Articles of Association of the Company, Mr. C. Ramakrishna retires at the ensuing Annual General Meeting and is eligible for re-appointment.

## Director's Report

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### Auditors

M/s Rambabu & Co, Chartered Accountants, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate pursuant to Sec 224(1) of the Companies Act, 1956 regarding their eligibility for re-appointment.

### Industrial Relations

Your Company is pleased to inform that the relations with employees including workmen at all levels continue to be warm and cordial.

### Personnel

Information in accordance with the provisions of Sec 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended are set out in the annexure to the Director's Report.

### Directors/ Responsibility Statement

In terms of Sec 217 (2AA) of the Companies Act, 1956, your Directors hereby confirm

1. That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure.
2. That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period.
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the directors had prepared the annual accounts on a going concern basis.

### Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the annexure forming part of this report.

### Acknowledgments

The Board of Directors would like to record their appreciation of the continued support and co-operation received from the Government of India, Andhra Pradesh and the Financial Institutions namely EXIM Bank of India, Industrial Development Bank of India and State Bank of India. The Directors would also like to thank all the esteemed Customers, Dealers, Suppliers, and Auditors of the Company.

The Directors also wish to place on record their sincere appreciation of the employees at all levels for their dedicated contribution towards the growth of the Company.

For and on behalf of the Board of Directors

Place : Secunderbad  
Date : 15th April 2002.

**N. Prasad**  
Chairman

## Annexure

### Annexure - 1

#### Disclosure Under SEBI's Circular No: SMPRP/CIR-14/98 Dated 29<sup>th</sup> April 1998

The Equity Shares of the Company are listed with Hyderabad and Mumbai Stock Exchanges. The Company has paid the Listing Fees of each of the Stock Exchanges for the year 2002-03 as on the date of this report.

#### Corporate Governance (Limited Disclosure)

As a Group B2 Company listed on the Mumbai and Hyderabad Stock Exchanges, the Company is required to comply with SEBI guidelines for adoption of Corporate Governance (as incorporated in clause 49 of the listing agreements) within the financial year 2002-2003. Following the spirit of guidelines, the Company makes voluntary disclosures as below for the financial year ended 31st March 2002.

##### 1. Board of Directors

The Board of Directors comprise of 5 members, of which three are Non-Executive Directors (NED). Amongst, the three NED's, 1 represent promoter group while the others are Independent Directors.

##### 2. Composition of the Board and Details of Meetings.

During 2001-2002 ten meetings of the Board of Directors were held on 21st April 2001, 14th June, 2001, 28th July, 2001, 29th September, 2001, 17th October, 2001, 22th November, 2001, 30th November, 2001 5th January, 2002, 28th January, 2002 and 20th March, 2002.

The following table gives the composition of Directors and their attendance at the Board meetings held on the dates above mentioned, and the Sixteenth Annual General Meeting held on 29th September 2001.

Name of the Director	Category of Directorship	Board Meetings Attended	Annual General Meeting	No.of Outside Directorships Held
Mr. N.Prasad	NED	8	YES	5
Mr. M. Ravinder	ED	10	YES	6
Dr. C. Satyanarayana	ED	7	YES	Nil
Mr. C. Ramakrishna	NED	10	YES	4
Dr. Mohana R Velagapudi	NED	Nil	YES	3
Mr. M.Kishore Kumar (Alternative Director to Dr.Mohana R Velagapudi)	NED	7	YES	3

##### 3. Audit Committee

The board appointed an Audit Committee on 15th February 2001 with the following members.

1. Mr. C. Rama Krishna (NED) - Chairman
2. Mr. N. Prasad (NED) - Member
3. Mr. M.Kishore Kumar (NED) - Member

During the year the Audit Committee has met three times under the Chairmanship of Mr. C. Rama Krishna.

## Annexure

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### 4. Disclosures

The Company complied with all the regulations of the Stock Exchanges, Securities and Exchange Board of India and other Statutory bodies regulating the capital markets. No stretchers or penalties were imposed on the Company. There are no transactions with related parties having potential conflict with the interest of the Company at large. Other transactions are adequately disclosed in the notes to Annual Accounts.

The Company has a web site by name [www.matrixlabsindia.com](http://www.matrixlabsindia.com)

### 5. Shareholders Information

i. The last three Annual General Meetings were held at the following places

16th Annual General Meeting : Hotel Viceroy, Hyderabad on 29th September, 2001 at 10.00 a.m

15th Annual General Meeting : Padmashali Kalyana Mandapam, West Maredpally, Secunderabad on 29th September 2000 at 3.30 p.m.

14th Annual General Meeting : Padmashali Kalyana Mandapam, West Maredpally, Secunderabad on 30th September 1999 at 3.30 p.m.

ii. 17th Annual General Meeting : Would be held on 6th July, 2002 at 10.00 a.m. at Hotel Tulip Manohar, Begumpet, Hyderabad.

iii. Dates for Book Closure : 5th July, 2002 to 6th July, 2002 (both days inclusive)

iv. Financial Calender

Board Meeting to Approve the Financial Results for the	Proposed Date
Quarter Ending	
30th June, 2002	3rd/4th Week of July, 2002
30th September 2002	3rd/4th Week of October, 2002
31st December 2002	3rd/4th Week of January, 2003
Year Ended	
31st March 2003	Before April 2003

v. Shares of Matrix Laboratories Ltd. are listed on Mumbai, Hyderabad Stock Exchanges.

Stock Code of Bombay Stock Exchange - April 2001 to December 2001 24749

January 2002 to March 2002 524749

## Annexure

### vi. Stock Quotes

The following table gives the monthly highs and lows of Matrix shares on the Bombay Stock Exchange (BSE).

**High and Low Prices and Trading Volumes of Matrix at BSE 2001-2002**

Months	High (Rs.)	Low (Rs.)	Close (Rs.)	Volume
April 2001	18.85	15.00	18.00	28500
May 2001	19.60	14.85	19.10	19900
June 2001	30.00	17.55	29.25	31600
July 2001	31.00	24.15	24.50	29100
August 2001	28.95	23.00	28.00	10400
September 2001	34.95	26.60	28.85	27200
October 2001	33.00	27.10	30.90	12600
November 2001	35.50	28.45	32.25	20000
December 2001	34.80	27.70	29.50	14300
January 2002	35.00	25.05	31.00	9204
February 2002	33.00	24.60	28.00	15500
March 2002	33.00	28.75	32.00	22790

### vii. Distribution of Shareholding as on 31st March 2002

Categories	No. of Shareholders	% of Shareholders	Share Holding	% of Shareholding
1 to 500	6418	90.50	936860	13.03
501 to 1000	429	6.05	377500	5.25
1001 to 2000	103	1.45	164485	2.29
2001 to 3000	59	0.83	166600	2.32
3001 to 4000	18	0.25	64494	0.90
4001 to 5000	8	0.11	38800	0.54
5001 to 10000	26	0.37	179300	2.49
10001 and above	31	0.44	5259461	73.18
<b>Total</b>	<b>7092</b>	<b>100.00</b>	<b>7187500</b>	<b>100.00</b>

## Annexure

viii. Investor Correspondence / Registrar and Transfer Agent

Venture Capital and Corporate Investments Ltd, 6-2-919/914, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad - 500 004. Phone No . 040 3322262/64.

ix. Share Transfer System

Share transfers are registered and returned within a period of thirty days from the date of receipt, if the documents are in order in all respects.

x. Dematerialisation of Shares

The Company's trading of equity shares came under compulsory dematerialisation for all investors from 31st December 2001.

As on 31st March 2002, 2,55,299 shares amounting to 3.55% of the paid-up capital is held in dematerialised form and rest in physical form.

### Annexure - 2

Information as per Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of board of directors) Rules, 1988 and forming part of the Director's report for the year ended 31st March 2002.

#### FORM A

#### Form for disclosure of particulars with respect of conservation of energy.

	Year Ended 31.03.2002	Year Ended 31.03.2001
<b>A. Power &amp; Fuel Consumption</b>		
1. Electricity		
a. Purchased		
Units	6745839	6744311
<b>Total Amount (Rs.)</b>	<b>29827081</b>	<b>30516562</b>
Rate/Unit (Rs.)	4.42	4.52
b. Own Generation		
Through Diesel Generator		
Units		
Diesel Consumed (Ltrs.)	198000	261200
Unit Rate (per Ltr.) (Rs.)	18.22	15.50
<b>Total Amount (Rs.)</b>	<b>3607206</b>	<b>4048460</b>
2. Coal		
Quantity (Tonnes)	5317	3292
Cost (Rs.)	10309033	5893713
Average Rate/Tonne	1938	1790

## Annexure

### FORM B

#### Form for disclosure of particulars with respect to Technology, Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company : Improving product quality, reduction of cost carried and introducing new products.
2. Benefit derived as a result of the above R & D : Significant advances were made in product quality. The Company also introduced new products.
3. Future plan of action : To develop new and quality products with cost efficiency.
4. Expenditure on R&D(Rs. In lakhs)
  - a. Capital (Work in progress) : Rs. 116.22
  - b. Recurring : Rs. 56.32
  - c. Total : Rs. 172.54
  - d. Total R&D expenditure as a % of total Turnover : 1.69%

Technology absorption and innovation.

Efforts in brief made towards technology absorption and innovation : Not Applicable

Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. : Not Applicable

In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) : Not Applicable

Following information may be furnished.

- a. Technology improved
- b. Year of import
- c. Has technology been fully absorbed
- d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.

### FORM C

#### Foreign Exchange Earnings and Outgo.

In Rupees

	Current Year 01.04.2001 to 31.03.2002	Previous Year 01.04.2000 to 31.03.2001
Foreign Exchange Earnings	9,61,16,163	4,56,02,297
Foreign Exchange Outgo	3,52,73,377	3,34,81,955
Net Foreign Exchange Earnings	6,08,42,786	1,21,20,342

## Annexure

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### FORM D

Information under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 and forming part of Directors Report for the year ended 31st March, 2002.

- A. Name : M. Ravinder  
Designation : Executive Director (Operations)  
Remuneration : Rs.1,00,000/- Per Month  
Qualification : M.Com., L.L.B  
Experience : 20 Years  
Date of Joining : 03.02.2001  
Age : 44 Years  
Last Employment : Business
- B. Name : Dr. C. Satyanarayana  
Designation : Executive Director (Technical & Business Development)  
Remuneration : Rs.1,00,000/- Per Month  
Qualification : Ph.D in Chemistry  
Experience : 15 Years  
Date of Joining : 03.02.2001  
Age : 40 Years  
Last Employment : Vorin Laboratories Ltd.

The employment is contractual in nature.

## Auditors Report

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To

### THE MEMBERS OF MATRIX LABORATORIES LIMITED

We have audited the attached balance Sheet of Matrix Laboratories Limited, as at 31st March 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit
- ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books
- iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account
- iv. In our opinion, the balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956
- v. On the basis of written representations received from the directors, as on 31st March, 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
  - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002; and
  - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For **Rambabu & Co.**,  
Chartered Accountants

**(Ravi Rambabu)**  
Partner

Place : Hyderabad  
Date : 15th April 2002

## Annexure to the Auditors Report

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Referred to as in paragraph 1 of our report of even date.

1. The Company has maintained proper records to show full particulars including quantitative details and situation of its Fixed Assets. As explained and informed to us the Fixed Assets have been physically verified during the year by the management and no material discrepancies have come to notice on such physical verification.
2. None of the fixed assets have been revalued during the year.
3. The physical verification was conducted by the management at reasonable intervals in respect of finished goods, stores maintenance, spares and raw materials and the same is considered to be at reasonable intervals.
4. The procedures followed for the purpose of physical verification of stocks are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noted on such physical verification as compared to book records were not material and the same have been properly dealt with in the books of account.
6. On the basis of our examination of the periodical stock statements, the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles.
7. The Company has not taken Loans from companies listed in the Register maintained under Section 301 of the Companies Act, 1956 .The rate of interest and terms and conditions of repayment of such loans are not prima- facie prejudicial to the interest of the Company.
8. The Company has not granted any loans to Companies, firms or other parties listed in the register maintained under Sections 301 of the Companies Act, 1956.
9. In respect of the loans given to employees, the principal and interest amounts have been regularly repaid as stipulated. Except that there are no loans or advances given in the nature of loans.
10. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of Stores, Raw materials including components, Plant and machinery, Equipment and other assets and for sale of goods.
11. As per entries made in Register of contracts in terms of Section 301(2) of the Companies Act, 1956, the Company has made transactions during the financial year of purchases and sale of goods, material and services, etc., exceeding Rs.50,000 in value from parties in which Directors are interested. In respect of such cases the prices paid are considered by us to be reasonable having regard to the prevailing market price and taking into account the fact that for certain specialized items alternative sources are limited and that others are made with reference to competitive quotations, price lists, quality and delivery schedules.
12. There were no unserviceable and damaged stores, raw materials and finished goods held by the Company at the close of the year as informed to us. Hence no provision is required to be made for the same.
13. The Company has not accepted any deposits from the public to which the provisions of Sec. 58-A of the Companies Act, 1956 and the rules made there under apply.
14. The Company does not have any by-products. As explained to us, the Company has a regular system for the determination and disposal of unserviceable and scrap items and the amount realized on sale of such items has been properly dealt with in the books of the Company.

## Annexure to the Auditors Report

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15. The Company has appointed a firm of Chartered Accountants for conducting the internal audit periodically. In our opinion, the internal audit system is commensurate with the size and nature of the business of the Company.
16. As informed to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, to the activities of the Company.
17. According to the records of the company, Provident fund dues and the Employees state Insurance dues wherever applicable, have been regularly deposited during the year with the appropriate authorities.
18. In our opinion and according to the information and explanation given to us, there are no undisputed and outstanding amounts payable in respect of Income-Tax, Wealth-Tax, Sales Tax, Customs Duty and Excise Duty as at the last day of the financial year concerned for a period more than six months from the date they become payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligation or in accordance with the generally accepted business practice.
20. The Company is not a Sick Industrial Company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986).
21. In respect of the company's trading activities, we are informed that there are no damaged stocks.

For **Rambabu & Co.**,  
Chartered Accountants

Place: Hyderabad  
Date : 15th April 2002

**Ravi Rambabu**  
Partner

## Balance Sheet as at 31st March 2002

Particulars	Sch. No	In Rupees	
		31.03.2002	31.03.2001
<b>SOURCES OF FUNDS</b>			
<b>Share Holders Funds</b>			
Share Capital	1.01	71937500	39862860
Reserves & Surpluses	1.02	143249705	98183602
<b>Loan Funds</b>			
Secured Loans	1.03	172740566	107874951
Unsecured Loans	1.04	16979710	39741373
<b>TOTAL</b>		<b>404907481</b>	<b>285662786</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets (Gross Block)</b>	1.05	<b>323201185</b>	160612151
Less : Cumulative Depreciation		54236360	38980338
Net Block		268964825	121631813
Capital Work-in-Progress ( Incl. Advances)		14726992	-
<b>Investments</b>	1.06	<b>8092700</b>	1371000
<b>Current Assets, Loans &amp; Advances</b>			
a. Inventories	1.07	251588052	152737701
b. Sundry Debtors	1.08	71050262	61040971
c. Cash & Bank Balances	1.09	22113715	20024486
d. Loans & Advances	1.10	44298755	37389060
		<b>389050784</b>	<b>271192218</b>

## Balance Sheet as at 31st March 2002

Particulars	Sch. No	In Rupees	
		31.03.2002	31.03.2001
<b>Less : Current Liabilities &amp; Provisions</b>			
Liabilities	1.11	239701130	138507114
Provisions	1.12	36226690	-
		(275927820)	(138507114)
<b>Net Current Assets</b>		113122964	132685104
Miscellaneous Expenditure			
(To the extent not written off or adjusted)	1.13	-	29974869
<b>TOTAL</b>		<b>404907481</b>	<b>285662786</b>

As per our report of even date attached

For **Rambabu & Co.,**  
Chartered Accountants

**Ravi Rambabu**  
Partner  
Place : Secunderabad  
Date : 15th April 2002

For and on behalf of the Board

**M. Ravinder**  
Executive Director  
(Operations)

**Dr. C. Satyanarayana**  
Executive Director  
(Tech.& Business Development)

**N. Anjaneyulu**  
Manager (Finance) & Company Secretary

## Profit & Loss Account for the Period Ended 31st March 2002 \_\_\_\_\_

Particulars	Sch. No	In Rupees	
		31.03.2002	31.03.2001
<b>INCOME</b>			
Sales		1021806630	607785068
Other Income	2.01	18877210	71267224
<b>TOTAL</b>		<b>1040683840</b>	<b>679052292</b>
<b>EXPENDITURE</b>			
Materials Consumed	2.02	596151656	418045918
Manufacturing Expenses	2.03	95724385	67930558
Excise Duty		106823583	70109319
Personnel Cost	2.04	49457106	16962691
Administrative, Selling & Other Expenses	2.05	84110233	39340311
Interest	2.06	16731361	14479861
Depreciation	1.05	15256022	8626261
<b>TOTAL</b>		<b>964254346</b>	<b>635494919</b>
Profit for the Year Before Tax		76429494	43557373
Provision for Income Tax		4600000	1600000
Profit for the Year After Tax		71829494	41957373
Provision for Deferred Tax		15701000	-
Balance as Per Last Balance Sheet		(15036040)	(56993413)
Prior Period Adjustments		915390	-
Tax-earlier Years		1364609	-
Provision for Deferred Tax for Earlier Years		9021000	-
Balance Available for Appropriation		29791455	(15036040)

## Profit & Loss Account for the Period Ended 31st March 2002 \_\_\_\_\_

Particulars	Sch. No	In Rupees	
		31.03.2002	31.03.2001
<b>APPROPRIATIONS</b>			
Transfer to General Reserve			
Proposed Dividend		7187500	-
Surplus/Deficit Carried Forward to Balance Sheet		22603955	(15036040)
<b>TOTAL</b>		<b>29791455</b>	<b>(15036040)</b>

As per our report of even date attached

For **Rambabu & Co.,**  
Chartered Accountants

**Ravi Rambabu**  
Partner

Place: Secunderabad

Date: 15th April 2002

For and on behalf of the Board	
<b>M. Ravinder</b> Executive Director (Operations)	<b>Dr. C. Satyanarayana</b> Executive Director (Tech.& Business Develop.)
<b>N. Anjaneyulu</b> Manager (Finance) & Company Secretary	

## Schedules

	As at 31.03.2002	In Rupees As at 31.03.2001
<b>SCHEDULE 1.01</b>		
<b>Share Capital</b>		
Authorised (90,00,000 Equity Shares of Rs.10/-each)	90000000	90000000
Issued , Subscribed and Paid up (71,87,500 Equity Shares of Rs. 10/- each ) (Previous year 39,92,836 shares) [Of the above 32,07,164 equity shares issued during the year @10/- each with premium of Rs.7/- each]	71875000	39928360
Less : Calls in Arrears	-	65500
Add: Shares Forfeited (12,500 Equity shares forfeited (Paid up amount))	62500	-
<b>TOTAL</b>	<b>71937500</b>	<b>39862860</b>
<b>SCHEDULE 1.02</b>		
<b>Reserves and Surpluses</b>		
Central Subsidy	895898	895898
Share Premium Balance	91026000	
Add : Premium on Issue of 32,07,164 Shares @ Rs. 7/- each	22450148	
Received During the Year Out of Calls in Arrears	12000	91026000
General Reserve	6261704	6261704
Profit Transferred from Profit & Loss Account	22603955	-
<b>TOTAL</b>	<b>143249705</b>	<b>98183602</b>
<b>SCHEDULE 1.03</b>		
<b>Secured Loans</b>		
Term Loans		
Industrial Development Bank of India	45000000	56250000
Export Import Bank of India	90000000	-
Deferred Payments - Vehicle Finance	2222073	397113

## Schedules

	As at 31.03.2002	In Rupees As at 31.03.2001
Working Capital Loans		
Cash Credit	34415163	25165252
Bill Discounting	1103330	26062586
<b>TOTAL</b>	<b>172740566</b>	<b>107874951</b>
<b>SCHEDULE 1.04</b>		
<b>Unsecured Loans</b>		
Sales Tax Deferment	16979710	13604027
From Others	-	26137346
<b>TOTAL</b>	<b>16979710</b>	<b>39741373</b>
<b>SCHEDULE 1.06</b>		
<b>Investments</b>		
Long Term Trade Investments - Unquoted		
1. 7078 Equity shares of Rs.100/- Each Fully Paid Up in Jeedimetla Effluent Treatment Ltd.	707800	928600
2. 584 Equity shares of Rs.100/- Each Fully Paid Up in Patancheru Envirotech Ltd.	58400	58400
3. 14400 Equity Shares of Rs.10/- Each Fully Paid Up in Sterling Bio Chem Pvt Ltd.	144000	144000
4. 2000 Equity Shares of Rs.100/- Each Fully Paid Up in Calibre Engineering Pvt Ltd.	200000	200000
5. 708500 Equity Shares of Rs.10/- Each Fully Paid Up in Medikon Laboratories Ltd.	7085000	-
<b>Quoted</b>		
1 Float Rate Bonds SBI	40000	40000
	<b>8235200</b>	1371000
Less: Provision for Diminution ( Sterling Biochem Pvt. Ltd.)	142500	-
<b>TOTAL</b>	<b>8092700</b>	<b>1371000</b>

## Schedules

SCHEDULE 1.05												
Fixed Assets												
(Rupees)												
Sl.No.	Particulars	Gross Block		As At		Depreciation		Net Block		As At 31-03-2001	As At 31-03-2002	
		As At 31-03-2001	Additions	As At 31-03-2002	As At 31-03-2001	For the Year	Up to 31-03-2002	As At 31-03-2002	As At 31-03-2001			
1.	Land	3929914	7150580	11080494							11080494	3929914
2.	Plant & Machinery	131005513	82583231	213588744	30114097	10982142	41096239	172492506	100349704			
3.	Electrical Equipment	8778706	6083042	14861748	4051354	1189943	5241297	9620451	4727352			
4.	Lab Equipment	1259659	6070671	7330330	736676	624237	1360913	5969417	522983			
5.	Buildings	10514457	38802116	49316573	2161584	674250	2835834	46480739	8352873			
6.	Office Equipment	502709	5317469	5820178	111433	352417	463850	5356328	391276			
7.	Vehicles	2471515	3342558	5814073	1012148	479880	1492028	4322045	1459367			
8.	Furniture & Fittings	980616	8745952	9726568	329651	316606	646257	9080311	650965			
9.	Computers	1169062	4493414	5662476	463395	636547	1099942	4562534	705667			
	<b>TOTAL</b>	<b>160612151</b>	<b>162589033</b>	<b>323201185</b>	<b>38980338</b>	<b>15256022</b>	<b>54236360</b>	<b>268964825</b>	<b>121090101</b>			

## Schedules

	As at 31.03.2002	In Rupees As at 31.03.2001
<b>SCHEDULE 1.07</b>		
<b>Inventories</b>		
(As Valued and Certified by the Management)		
Stores and Spares	998564	368564
Raw Materials	82252820	58408304
Work in Process	79798455	64834004
Finished Goods	88538213	29126829
<b>TOTAL</b>	<b>251588052</b>	<b>152737701</b>
<b>SCHEDULE 1.08</b>		
<b>Sundry Debtors</b>		
(Unsecured and Considered Good)		
Debts Over Six Months	1439939	645967
Others	69610323	60395004
<b>TOTAL</b>	<b>71050262</b>	<b>61040971</b>
<b>SCHEDULE 1.09</b>		
<b>Cash and Bank Balances</b>		
Cash on Hand	125966	107213
Balance with Scheduled Banks in Current Account	155104	63032
Fixed Deposit (Pledged)	21832645	19854241
<b>TOTAL</b>	<b>22113715</b>	<b>20024486</b>
<b>SCHEDULE 1.10</b>		
<b>Loans and Advances</b>		
(Unsecured Considered Good, Recoverable in Cash or in Kind for value to be Received)		
Advances to		
Material Suppliers	1583174	527764
Staff	336307	44904
Others	4979817	987000
Advance Tax Including Tax Deducted at Source (Net of Provision for Tax)	915529	2548054
Balance with Central Excise	11055840	12223426
Deposits	6371223	7196140
Prepaid Expenses	2319615	408270
Import Entitlement	16737250	13453502
<b>TOTAL</b>	<b>44298755</b>	<b>37389060</b>

## Schedules

	As at 31.03.2002	In Rupees As at 31.03.2001
<b>SCHEDULE 1.11</b>		
<b>Current Liabilities</b>		
Sundry Creditors for goods and expenses		
Total outstanding to SSI undertakings	6415000	4477470
Others	205533495	102956789
Advances from customers	999140	1805195
Unclaimed dividend	870575	870575
Creditors for Capital Works	5610830	
Other Liabilities	19267295	27599237
Interest accrued but not due	1004795	797848
<b>TOTAL</b>	<b>239701130</b>	<b>138507114</b>
<b>SCHEDULE 1.12</b>		
<b>Provisions</b>		
Proposed Dividend	7187500	-
Provision for Gratuity and Leave encashment	4317190	-
Provision for Deferred Taxation	24722000	-
<b>TOTAL</b>	<b>36226690</b>	<b>-</b>
<b>SCHEDULE 1.13</b>		
<b>Miscellaneous Expenditure</b>		
(To the Extent not Written Off or Adjusted)		
Balance Brought Down		
R & D Expenditure	12534482	14565738
Public Issue Expenditure	2404347	3202569
	14938829	17768307
Less: Written Off During the Year	14938829	2829478
	-	14938829
Profit & Loss Account (Balance)	-	15036040
<b>TOTAL</b>	<b>-</b>	<b>29974869</b>

## Schedules

	Year ended 31.03.2002	In Rupees Year ended 31.03.2001
<b>SCHEDULE 2.01</b>		
<b>OTHER INCOME</b>		
Conversion Income	17088345	71063870
Other Income	1788865	203354
<b>TOTAL</b>	<b>18877210</b>	<b>71267224</b>
<b>SCHEDULE 2.02</b>		
<b>MATERIALS CONSUMED</b>		
Raw Materials		
Opening Stock	58408304	94900721
Add : Purchases	671813031	402734370
Less : Closing Stock	82252820	58408304
Consumption of Raw materials	647968515	439226787
Purchase of Finished goods	17989051	--
Packing Materials consumed	4569925	3211490
<b>TOTAL</b>	<b>670527491</b>	<b>442438277</b>
<b>Accretion in stocks</b>		
<b>Closing Stock</b>		
Work in process	79798455	64834004
Finished goods	88538213	29126829
	168336668	93960833
<b>Opening Stock</b>		
Work in process	64834004	60725541
Finished goods	29126829	8842933
	93960833	69568474
<b>TOTAL</b>	<b>596151656</b>	<b>418045918</b>
<b>SCHEDULE 2.03</b>		
<b>MANUFACTURING EXPENSES</b>		
Stores, spares and consumables	16104839	2865359
Power & Fuel	44723844	41272552
Repairs & Maintenance	10052424	4412085

## Schedules

	In Rupees	
	Year ended 31.03.2002	Year ended 31.03.2001
Factory Maintenance	7979374	4539869
Processing Charges	3782010	4430507
Effluent Treatment Charges	4870747	4050348
Lease Rental Charges - Factory & Others	8211147	6359838
<b>TOTAL</b>	<b>95724385</b>	<b>67930558</b>
<b>SCHEDULE 2.04</b>		
<b>PERSONNEL COST</b>		
Salaries, Wages & bonus	42331528	15306112
Contribution to Provident fund and other funds	2386438	1441533
Workmen and staff welfare	421950	215046
Provision for gratuity and leave encashment	4317190	-
<b>TOTAL</b>	<b>49457106</b>	<b>16962691</b>
<b>SCHEDULE 2.05</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Rent	1292500	112500
Rates & Taxes	1417067	984505
Sales Tax	23777571	10403679
Insurance	3486347	1787851
Printing & Stationary	2579611	380900
Postage, Telegrams & Telephones	2510224	1576345
Travelling & Conveyance	4778118	1556303
Bank Charges & Commission	5110052	4365609
Legal & Professional fee	1458646	371095
Advertisement	120215	133176
Commission on Sales	8295200	7668823
Carriage outward	3889036	5710351
R&D expenses	5631712	-
Bad Debts	-	159603
General Expenses	1910105	466314

## Schedules

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Directors sitting fee	63000	-
Directors Remuneration	2544000	683779
Auditors remuneration		
Audit fee	120000	120000
Tax audit fee	30000	30000
Other certification fee	15500	-
Provision for diminution in the value of Investments	142500	-
Miscellaneous Expenditure written off	14938829	2829478
<b>TOTAL</b>	<b>84110233</b>	<b>39340311</b>
<b>SCHEDULE 2.06</b>		
<b>Interest</b>		
On term loans	11684122	8355572
On Working capital loans & others	5047239	6124289
<b>TOTAL</b>	<b>16731361</b>	<b>14479861</b>

## Notes to Accounts

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### SCHEDULE NO : 3.01

#### I. Significant Accounting Policies

##### 1. Accounting Convention

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards.

##### 2. Fixed Assets

Fixed Assets are stated at cost (net of Cenvat) less depreciation. Cost includes installation and expenditure during construction period including interest on borrowing till the date of capitalization. Depreciation on the fixed assets is provided on straight-line method as per the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.

##### 3. Investments

Investments are stated at cost of acquisition. Provision for diminution in value of long-term investments, other than temporary, is made in the accounts.

##### 4. Inventories

Raw materials, Stores & Spares and Work-in-process are valued at cost. Finished goods are valued at cost or net realizable value whichever is lower.

##### 5. Research & Development (R&D)

Revenue expenditure on R&D is charged against the profits for the year in which it is incurred. Capital expenditure, if any, on R&D is shown as additions to fixed assets.

##### 6. Retirement Benefits

The Company is contributing to the funds maintained by the Government towards Provident Fund to employees. Gratuity liability and Earned Leave Encashment benefit are accounted on accrual basis based on the actuarial valuation.

##### 7. Foreign Exchange Transactions

Transactions in foreign currencies are translated at the exchange rates prevailing on the dates of transactions and in case of purchase of materials and sale of goods, the exchange gains/losses on settlements during the year, are adjusted to respective accounts.

Current assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the date of Balance sheet. Exchange gains/loss other than those relating to fixed assets are dealt with in the profit and loss account.

##### 8. Revenue recognition of Income and Expenditure

All income and expenditure are accounted on accrual basis except where stated otherwise.

#### II. Notes to the Accounts

Notes to the accounts forming part of Balance Sheet as on 31st March 2002 and Profit & Loss account for the year ended on that date.

## Notes to Accounts

### 1. Contingent Liabilities are on account of

	2001-02	2000-01
a. Guarantees given by Banks	2,99,000	36,53,266
b. Bills discounted with Banks	11,75,97,843	2,60,62,586
c. Un-expired Letters of credit	1,98,58,778	87,71,211
d. Indemnity given to IFCI & IDBI for the loans sanctioned to Patancheru Enviro-Tech Limited	58,400	58,400
e. Estimated amount of contracts remaining to be executed on capital accounts not provided for.	33,20,434	-
f. Future payment obligations for lease of boiler	8,31,465	14,89,677

### 2. Secured Loans

- The term loans availed under Equipment Finance Scheme from Industrial Development Bank of India is secured by way of exclusive charge to the extent of assets created out of the said loan and are also guaranteed by promoter directors in their individual capacities along with the immovable properties of M/s. G2 Corporate Services Limited as collateral security.
  - The term loans availed under Expansion cum modernization scheme from Export Import Bank of India is secured by way of first exclusive charge to the extent of assets created out of the said loan and are also guaranteed by promoter directors in their individual capacities.
  - Working capital facilities availed from State Bank of India, Overseas Branch are secured by first charge on the Fixed Assets of the Company and hypothecation of all present and future goods, book debts and other movable assets including document of title to the goods, outstanding moneys receivable, bills, invoices, documents etc. and are also guaranteed by promoter directors in their individual capacities. In addition to the above, the immovable properties of M/s. Caliber Engineering Pvt. Ltd.
- The Company is in the process of acquiring controlling interest in Medicon Laboratories Ltd. as on the balance sheet date, the Company acquired 7,08,500 equity share of Rs.10/- each in the said Company constituting 48% of its equity capital and disclosed under Investments.
  - During the year the Company changed its accounting policy of amortizing 1/10th of the public issue and Research and development expenditure each year to write off the balance un-amortized amount of public issue expenses of Rs. 24,04,347/- and Research and development expenses of Rs. 1,25,34,482/- Due to this change in accounting policy, the profit is understated by Rs. 1,49,38,829/-
  - The Company is providing leave encashment benefit and gratuity on accrual basis based on actuarial valuation as against the past practice of accounting the same on payment basis. Consequent to this change, profit for the year is lower to the extent of Rs. 43,17,190/-

### 6. Managerial Remuneration

	2001-02	2000-01
Salaries	24,00,000	6,83,779
Contribution to Provident Fund	1,44,000	-
<b>TOTAL</b>	<b>25,44,000</b>	<b>6,83,779</b>

## Notes to Accounts

7. Confirmation letters have been sent in respect of sundry debtors/creditors and loans and advances. In view of all confirmations not having been received, the balances are subject to reconciliation and adjustments if any.
8. Interest is net off of Interest received on margin money Rs. 23,85,316/- (Previous Year Rs. 18,46,700/-)
9. The names of the small scale industrial undertakings to whom the company owes a sum exceeding Rs.100000/- and outstanding for more than 30 days are

1. Anand Carbons	4. Coastal Plasto	7. Hitech Vinayls
2. Chames Corpn.	5. Gayatri Chemicals	8. Krishna Industrial Corpn.
3. Chemitech Acids	6. Godavari Carbons	9. Sai-teja Packaging

The above information and that given in Schedule 1.11 'Current Liabilities' regarding small scale industrial undertakings has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

### 10. Related Party Disclosures

Name of the Related Party	G2 Corporate Services Limited	Calibre Engineering Pvt. Ltd.	G2 Engineers
Relationship	A Company in which Directors are Substantially interested	A Company in which Directors are Substantially interested	A Firm in which Directors are partners
Nature of transaction	Factory Rent	Factory Rent	Purchase of Plant & Machinery
Transaction Value (Rs.)	44,00,000	1,80,000	4,70,414
Balance outstanding Receivable/ Payable (-) as on Balance Sheet date	---	---	--
Amount Written off/back	---	---	---

11. AS-17 dealing with segment Accounting is not applicable as the company is engaged only in the manufacture and sale of bulk drugs.

### 12. Capacities and Production.

	2001-2002	2000-2001
Licensed Capacity	N.A	N.A
Installed Capacity **	675.00 TPA	984.00 TPA
Utilized Capacity	611.65 TPA	869.12 TPA

\*\* During the year 2001-02, the Company has stopped production of volume product Ibuprofen and started manufacture of low volume high value drugs thereby reduction in installed capacity.

## Notes to Accounts

### 13. Sales, Stock and Production

	Year Ended 31-03-02 Kgs.	Rs. Lakhs	Year Ended 31-03-01 Kgs.	Rs. Lakhs
<b>Sales</b>				
Domestic	467456.30	8134.45	807835.00	5621.83
Exports				
Manufacture	96010.00	1866.72	29310.00	456.02
Trading	20207.00	216.90		
<b>TOTAL EXPORTS</b>	<b>116217.00</b>	<b>2083.62</b>		
<b>TOTAL</b>	<b>583673.30</b>	<b>10218.07</b>	<b>837145.00</b>	<b>6077.85</b>
Opening Stock Bulk Drugs	3162.00	291.27	18849.00	88.43
<b>TOTAL</b>	<b>3162.00</b>	<b>291.27</b>	<b>18849.00</b>	<b>88.43</b>
Closing Stock Bulk Drugs	51344.00	885.38	3162.00	291.27
<b>TOTAL</b>	<b>51344.00</b>	<b>885.38</b>	<b>3162.00</b>	<b>291.27</b>
Production Bulk Drugs	611648.26		821458.00	
<b>TOTAL</b>	<b>611648.26</b>		<b>821458.00</b>	

## Notes to Accounts

### 14. Consumption Particulars

Sl.No.	Material Name	Year ended 31-03-02		Year ended 31-03-01	
		Qty (Kgs)	Value (Rs.)	Qty (Kgs)	Value (Rs.)
<b>I.</b>	<b>Raw Materials</b>				
1.	2 4 D C F Acetophenone	36533	13143888		
2.	3 C F A	39830	10999474	31200	4924548
3.	A S C	415209	30227947	47950	4649679
4.	Cyclopropyl Amine	18962	13796235		
5.	E M M E	61145	11434386	81905	16157012
6.	Hydroxylamine Sulphate	332245	27734513	203850	11451999
7.	Methane Sulphonyl Chloride	41992	4144183	30183	3445939
8.	Piperazine Anhydrous	67646	10846713	56945	12626608
9.	Tetra Hydro Furan	79205	9309997	7020	1040619
10.	2 Amino - 4- Picoline	24150	17954916		
11.	Zink Dust	85511	6682024		
12.	Others		491694239		384930383
	<b>TOTAL</b>		<b>647968515</b>		<b>439226787</b>
<b>II.</b>	<b>Purchase of Finished Goods</b>	20207	17989051		
	<b>TOTAL</b>		<b>665957566</b>		<b>439226787</b>

### 15. CIF/FOB Value of Imports and Exports

	2001-2002 Rs.	2000-2001 Rs.
Raw Material	2,84,10,414	3,34,81,955
Capital Items	62,60,770	-
Expenditure in Foreign Currency	6,02,193	-
Earnings in Foreign Exchange	9,61,16,163	4,56,02,297

16. Previous year figures have been regrouped and reclassified wherever necessary.

17. Figures in the Balance Sheet and Profit and Loss Account have been rounded off to the nearest rupee.

As per our report of even date attached

For **Rambabu & co.,**  
Chartered Accountants

**Ravi Rambabu**  
Partner

Place : Secunderabad  
Date : 15th April 2002

#### For and on behalf of the Board

**M. Ravinder**  
Executive Director  
(Operations)

**Dr. C. Satyanarayana**  
Executive Director  
(Tech. & Business Development)

**N. Anjaneyulu**  
Manager (Finance) & Company Secretary

# Balance Sheet Abstract and Company's General Business Profile\_\_\_\_\_

## 1. Registration Details

Registration No.           0 1 - 0 5 1 4 6  
 Balance Sheet Date       3 1   0 3   2 0 0 2  
 State Code                0 1

## 2 Capital Raised during the Year ( Amount in Rs. Thousands )

Public Issue               N I L                   Rights Issue           N I L  
 Bonus Issue               N I L                   Private Issue          3 2 0 7 1

## 3 Position of Mobilisation and Deployment of Funds (Amount In Rs. Thousands)

Total Liabilities         4 0 4 9 0 7           Total Assets           4 0 4 9 0 7

### Sources of Funds

Paid up Capital          7 1 9 3 7           Reserves & Surplus   1 4 3 2 5 0  
 Secured Loans           1 7 2 7 4 1          Unsecured Loans     1 6 9 8 0

### Application of Funds

Net Fixed Assets         2 6 8 9 6 5          Investments           8 0 9 3  
 Net Current Assets      1 1 3 1 2 3          Misc. Expenditure   N I L

## 4 Performance of Company (Amount In Rs. Thousands)

Turnover (Gross Revenue)   1 0 4 0 6 8 4       Total Expenditure   9 6 4 2 5 4  
 Profit Before Tax          7 6 4 2 9           Profit after Tax      7 1 8 2 9  
 Earnings Per Share       1 0 . 8 3           Dividend Rate %     1 0

## 5 Generic Names of Three Principal Products / Services of Company (as per Monetary Terms)

Item Code No. (ITC Code)   2 9 3 5 0 0 1  
 Product Description       S U L P H A M E T H O X A Z O L E  
 Item Code No (ITC Code)   2 9 4 2 0 0  
 Product Description       I B U P R O F E N  
 Item Code No (ITC Code)   2 9 4 1 9 0 0 9  
 Product Description       N I M S U L I D E

## Cash Flow Statement for the Year Ended 31st March 2002

	Rs. in Lakhs	
	31.03.2002	31.03.2001
<b>A. Cash Flow From Operating Activities</b>		
Net Profit Before Tax, Extra Ordinary & Prior Period Items	764.29	435.57
Adjustment for		
Depreciation	152.56	86.26
Interest	167.31	144.80
Public Issue expenses W/o	24.05	7.98
R&D Expenses W/o	125.34	20.31
Provision for Diminution in Value of Investment	1.42	0.00
Operating Profit Before Working Capital Changes	1234.97	694.92
Adjustments for		
Current Liabilities	1374.21	89.87
Inventories	(988.50)	119.68
Sundry Debtors	(100.09)	(350.88)
Loans and Advances	(69.10)	(91.24)
Cash Generated from Operations	1451.49	462.35
Direct Tax Paid	(46.00)	(16.00)
Interest Paid	(167.31)	(144.80)
Provision for Dividend	(71.87)	0.00
Provision for Deferred Tax	(247.22)	0.00
Cash Flow Before Prior Period Items	919.09	301.55
Prior Period Expenses	(22.80)	0.00
Net Cash Flow from Operating Activities	896.29	301.55
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(1773.16)	(86.98)
R&D Expenditure	0.00	(31.25)
Purchase of Investments (Net)	(68.64)	0.00
Net Cash Used in Investing Activities	(1841.80)	(118.23)

## Cash Flow Statement for the Year Ended 31st March 2002\_\_\_\_\_

### C. Cash Flow from Financing Activities

	Rs. Lakhs	
	31.03.2002	31.03.2001
Sales Tax Loan	33.76	68.02
LIC Loan	0.00	(12.20)
Long Term Borrowing	787.50	(108.58)
Increase / Decrease in Bank Borrowings	(157.10)	37.23
Short Term Loans	(243.12)	9.77
Increase in Capital and Premium	545.37	15.60
Net Cash Used in Financing Activities	966.41	9.84
<b>Net Increase in Cash and Cash Equivalents</b>	<b>20.90</b>	<b>193.16</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>200.24</b>	<b>7.08</b>
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>221.14</b>	<b>200.24</b>

Place : Hyderabad  
Date : 15th April 2002.

For and on behalf of the Board	
<b>M. Ravinder</b> Executive Director (Operations)	<b>Dr. C. Satyanarayana</b> Executive Director (Tech.& Business Development)
<b>N. Anjaneyulu</b> Manager (Finance) & Company Secretary	

## Certificate\_\_\_\_\_

We have examined the above Cash Flow Statement of **Matrix Laboratories Ltd.** for the year ended 31st March, 2002. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 with Hyderabad Stock Exchange and is based on and in agreement with the corresponding Profit & Loss account and Balance sheet of the Company covered by our report of 15th April 2002 to the members of the Company.

For **Rambabu & Co,**  
Chartered Accountants

Place : Hyderabad  
Date : 15th April 2002.

**Ravi Rambabu**  
Partner

## Certificate

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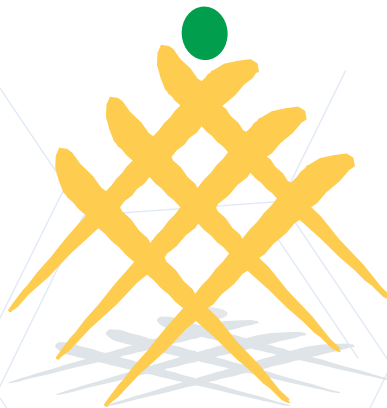
We have examined the above Cash Flow Statement of **Matrix Laboratories Ltd.** for the year ended 31st March, 2002. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 with Hyderabad Stock Exchange and is based on and in agreement with the corresponding Profit & Loss account and Balance sheet of the Company covered by our report of 15th April 2002 to the members of the Company.

For **Rambabu & Co,**  
Chartered Accountants

**Ravi Rambabu**  
Partner

Place : Hyderabad  
Date : 15th April 2002.





**MATRIX**  
Laboratories Limited



Web : [www.matrixlabsindia.com](http://www.matrixlabsindia.com)

**Corporate Office**

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