

(Formerly SHRI SHAKTI LPG LTD.)

BOARD OF DIRECTORS**Mr. D.V. Manohar****Chairman &
Managing Director****Mr.B.K.Bakhshi****Director****Mr.D.V.Satya Kumar****Director****Mr.D.V.Raja Sekhar****Director****Mr.B.K.Sinha****Director****Mr.R.Prabhakar Rao****Director****Dr.A.Balasetti****Director****Dr.Bharat H. Barai****Director****Dr.Gorantla Govindaiah****Director****Mr.V.Subrahmanyam****Director****AUDITORS****M/s. Venugopal & Chenoy**

Chartered Accountants

Hyderabad.

COMPANY SECRETARY**Mr.T.Anil Kumar****BANKERS****ICICI Bank, HDFC Bank****REGISTRARS &
SHARE TRANSFER AGENTS****M/s. XL Softech Systems Ltd**

3, Sagar Society

Road No.2, Banjara Hills,

Hyderabad – 500034

Tel : 91-040-23545913/14/15

Fax : 91-040-23553214

REGISTERED OFFICE

Venus Plaza

Adjacent to Old Airport,

Begumpet,

Hyderabad - 500016.

Tel : 91-040-27902929

Fax: 91-040-27908989

PLANTS

(1) Nemam Village
Beach Road,
Kakinada – 533005 (A.P)

(2) Bibinagar
Near Railway Station
Nalgonda District (A.P)

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD ON THURSDAY, THE 30th SEPTEMBER, 2010 AT 10:30 A.M. AT HARI HARA KALA BHAVAN, S.P. ROAD, SECUNDERABAD TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet, Profit and Loss Account and the Report of Directors and Auditors thereon for the year ending March, 31, 2010.
2. To appoint a Director in place of Mr. B.K. Bakhshi, who is retiring at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Bharat H. Barai, who is retiring at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Gorantla Govindaiah, who is retiring at this Annual General Meeting and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. To Consider and if thought fit to pass with or without any modification as an Ordinary Resolution :
"RESOLVED THAT pursuant to the provisions of Sections 100 to 104 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Article 59 of the Articles of Association of the Company and subject to the requisite approvals, consents, sanctions and permissions of the appropriate authorities, if necessary, and subject to the confirmation of the Hon'ble High Court of Andhra Pradesh or the Tribunal as the case may be, effective 1st October, 2010, the paid-up Equity Share Capital consisting of 5,80,00,000 (Five Crore Eighty Lakh Only) equity shares of the face value of ₹ 10/- each aggregating to ₹ 52,88,39,500 (Rupees Fifty Two Crores Eighty Eight Lakhs Thirty Nine Thousand and Five Hundred Only) hereby be reduced by the amount of the accumulated losses of the Company as at 31st March, 2010 amounting to ₹ 21,15,35,800 (Rupees Twenty One Crores Fifteen Lakhs Thirty Five Thousand Eight Hundred Only), which is unrepresented by available assets, by suitably reducing the paid-up value of each equity share and thereafter sub-dividing and / or consolidating them into appropriate number of equity shares of paid-up value of ₹ 2/- each per share such that the paid-up Equity Share Capital after such reduction shall be ₹ 31,73,03,700 (Rupees Thirty One Crores Seventy Three Lakhs Three Thousand and Seven Hundred only).
FURTHER RESOLVED THAT in respect of calls in arrears of ₹ 5,11,60,500 (Rupees Five Crores Eleven Lakhs Sixty Thousand and Five Hundred Only), as and when the calls in arrears are paid up by the respective shareholders, for each share of the face value of ₹ 10/- each in respect of which calls in arrears of ₹ 7.50/- is paid up appropriate number of equity shares of the paid up value of ₹ 2/- each will be allotted for an amount equivalent to 60% (Sixty Percent) of the amount of calls in arrears paid up and balance 40% of the amount so paid shall be credited to the Capital Reserve of the Company.
FURTHER RESOLVED THAT any fractional shares arising therefrom shall not be issued but shall be consolidated into appropriate number of equity shares of the paid-up value of ₹ 2/- each and the same shall be issued and allotted to a Trustee appointed by the Board of the Company any fractions remaining after such consolidation shall

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be ignored. The Trustee shall hold such shares in Trust for the shareholders otherwise entitled to such fractions shares and the Trustee shall within a reasonable time sell such shares on the stock exchange and the proceeds thereof after deducting reasonable expenses and taxes, if any, shall be distributed to such shareholders as per their fractional entitlement(s).

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and is hereby authorized to do all such acts, deeds, matters and things as are considered requisite or necessary to effectively implement the capital reduction including the authority to accept such modification and / or conditions, if any, which may be required and / or imposed by the Hon'ble High Court of Andhra Pradesh or the Tribunal or any other authority, as the case may be, while confirming the said reduction or in connection with such reduction."

By Order of the Board

Sd/-

D. V. MANOHAR

Chairman & Managing Director

PLACE : HYDERABAD

DATE : 06.09.2010

NOTE :

1. *A member entitled to attend and vote the Meeting is entitled to appoint a Proxy and the proxy so appointed need not be a Member of the Company.*
2. *The Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.*
3. *Members/Bodies Corporate/Proxies to bring the Entry Pass/Attendance Slip duly filled in for attending the Meeting.*
4. *The Register of Members and Share Transfer Books will remain closed from 29.09.2010 & 30.09.2010 (both days inclusive).*

Explanatory statement pursuant to Sec. 173(2) of the Companies Act, 1956 in respect of Special Business set out in the Notice convening the 17th Annual General Meeting

Item No.6 :

In order to rightsize the share capital of the Company and also to write-off against the share capital the accumulated losses unrepresented by the assets, it was thought necessary in the best interests of the Company to go in for a reduction of capital as reflected in the special resolution in item No. 6 of the Notice of the Annual General Meeting. It may be noted that there is no diminution of liability in respect of unpaid share capital of the Company in this item of business.

The above reduction of capital through the aforesaid special resolution is subject to the confirmation of the High Court of Andhra Pradesh in pursuance of Sections 100 read with Section 101 and Section 102 of the Companies Act, 1956.

The Board of your Company commends the aforesaid special resolution for your approval.

Mr. D. V. Manohar, Mr. D. V. Satya Kumar, Mr. D. V. Raja Sekhar, Dr. Gorantla Govindaiah, Dr. A. Balasetti and Dr. Bharat H. Barai may be deemed to be concerned or interested to the extent of equity shares held by them.

By Order of the Board

Sd/-

D. V. MANOHAR

Chairman & Managing Director

PLACE : HYDERABAD

DATE : 06.09.2010

DIRECTORS' REPORT

To

The Shareholders,

Shri Matre Power & Infrastructure Ltd.

1. INTRODUCTION

Your Directors have pleasure in presenting their report together with audited accounts for the financial year ended 31st March, 2010.

2. FINANCIAL PERFORMANCE

The Financial performance of the Company for the year 2009-10 is indicated below:

(₹ 000 Omitted)

Particulars	2009-10	2008-09
Gross Income	81,388	19,042
Less : Expenditure excluding Interest, Depreciation & prior period and Extraordinary items	29,704	20,548
Profit / (Loss) before Interest, Depreciation & prior period and Extraordinary items	51,684	(1,506)
Interest	721	7,500
Profit / (Loss) before Depreciation	50,963	(9,006)
Depreciation	30,122	30,284
Profit / (Loss) before prior period and Extraordinary items	20,841	(39,259)
Net Profit / (Loss) before provision for Taxation	20,841	(39,259)
Net Profit / (Loss)	20,841	(39,289)

During the year, the company incurred cash profit of ₹ 50,963 thousands, (previous year Loss of ₹ 9,006 thousands). After providing for depreciation amounting to ₹ 30,122 thousands (previous year ₹ 30,284 thousands), the total profit for the year stood at ₹ 20,841 thousands (previous year loss of ₹ 39,289 thousands).

Change in the Name and Objects of the Company :

As members are aware, during the year the Company has changed its Main Objects so as to include business relating to Power and Infrastructure and also the name from Shri Shakti LPG Limited to Shri Matre Power & Infrastructure Limited by passing through Postal Ballot as required under section 192A of the Companies Act, 1956.

Proposed Reduction of Share Capital

The Board of Directors at its meeting held on 6th September 2010 opinioned to write off the accumulated losses

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unrepresented by its assets through reduction in the Share Capital. Accordingly resolution recommending the same was passed by the Board and placed before the Share holders for their approval by way of Special Resolution which forms part of the Notice of the ensuing Annual General Meeting.

Future Outlook :

As you are aware, the Company had been badly let down by the Government of India who did not honour its commitments given to the Private Sector LPG Industry. Despite the best efforts being put in by all the team members, the company is not able to make much progress in reviving its LPG Business. It is primarily due to the fact that the Government could still not do much to withdraw the subsidy on LPG as committed by it. Over the years, the subsidy has further ballooned thereby substantially enlarging the gap between government subsidized gas and the private sector non subsidized gas.

Thus your company is not able to achieve any significant improvement in its revenues and come up with profitability. This is despite the fact that the company has achieved a debt free status consequent to One Time Settlements with the banks, financial institutions and others wherein their dues have been cleared with Herculean efforts from the Directors. As the future prospects in LPG business do not seem to be bright enough, it is decided to diversify.

In India electricity is always in short supply. Despite the increase in new power generation plants, the gap between demand and supply has not reduced. The average per capita consumption of electricity in India is about 700 kWh which is far below the World average of 2300 kWh. The Indian government has set ambitious goals in the 11th plan for power sector owing to which the power sector is poised for significant expansion. In order to provide availability of over 1000 units of per capita electricity by year 2012, it has been estimated that need-based capacity addition of more than 100,000 MW would be required.

The Government of India has recently announced Jawaharlal Nehru National Solar Mission (JNNSM) for promoting solar power projects in various parts of the country. The objective of the JNNSM under the brand "Solar India" is to establish India as a global leader in solar energy by creating the policy conditions for its diffusion across the country as quickly as possible. The Mission has set a target of 20,000 MW and stipulates implementation and achievement of the target in 3 phases (first phase upto 2012-13, second phase from 2013-17 and third phase from 2017-22) for various components including utility grid connected solar power. Under this, it is proposed to harness the solar energy abundantly available in India and use the same for power generation to meet the ever growing demand for electricity across the country.

The target of 1000 MW of solar power by 2013 and 20,000 MW by 2022 under the JNNSM can make an important contribution by augmenting the generation targets of conventional power. Solar Power projects have some advantages over conventional power projects such as

- Environmental Clearance is not required unlike Thermal, Hydro and Biomass power projects.
- Solar Resource Assessment studies can be done quickly (unlike Wind Power).
- Low Gestation for project planning and implementation; 1 year from financial closure is possible.

The above opens very good opportunity for diversification into solar power generation wherein the raw material is the solar radiation and there is one single customer - the Government through its specified agency viz., NTPC Vidyut Vyapar Nigam Ltd (NVVN) who would be buying the entire production at a price which permits 16% ROI through a Power Purchase Agreement (PPA) for 25 years.

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Therefore it is decided to diversify into power generation and solar power to begin with. This would be followed up with a foray into the infrastructure arena. To enable your company to do the same, the Main Objects and Other Objects of the Memorandum of Association of your Company have been changed along with the change of name to Shri Matre Power & Infrastructure Ltd after duly obtaining the shareholders approval through the postal ballot process and securing the requisite statutory approvals.

Your Company Shri Matre Power & Infrastructure Limited is participating in the tender bid process floated by the above nodal agency NVVN. Your company has already acquired 146 acres of land in Ramdevara Village near Pokhran, Jodhpur District, Rajasthan where the solar radiation levels are amongst the highest in the country. Further, requisite water for a solar thermal project is also available on the land. Your Company is in the process of tying up for advanced technology with leading international technology providers. Your Directors are optimistic that your Company would succeed in the above bid process and implement and operate the solar power project profitably.

Our objective is to totally revive our company and put it on a firm profitable track. We have come a considerable way in reaching the present stage from the earlier stage wherein our accumulated losses as well as our loan liabilities both were far in excess of ₹ 100 crores each. From the depths of huge losses and liabilities, we have now reached a stage wherein we are a virtually debt free company and with the above measure viz., proposed reduction of share capital, we would become a company with nil losses. Further your company's suspension has been revoked by the Bombay Stock Exchange w.e.f. 29th June, 2010 and share is actively trading thereafter. But still there is a long way to go and we should not shy away from taking the necessary bold steps to realize our goals. The Directors would like to assure our esteemed share holders that no stone shall be left unturned and no effort will be spared to take your company forward and profitable.

3. DEPLOYMENT OF FUNDS :

	(₹ 000 Omitted)	
	31.03.2010	31.03.2009
Sources of Funds		
Share Capital and Reserves	787,361	773,986
Un-secured Loans and Trade Deposits	113,465	215,125
Total	900,826	989,111
Application of Funds		
Net Fixed Assets, Capital Work-in-progress	339,404	404,512
Investments	10,250	10,250
Net Current Assets	138,764	115,601
Miscellaneous Expenditure to the extent not written off	0	25,499
Profit and Loss A/C	412,408	433,249
Total	900,826	989,111

4. SUBSIDIARY COMPANY

Financial Results of your fully owned subsidiary Company viz. Asia LPG Pvt. Ltd. (ALPL) have been appended herewith.

5. DIVIDEND

As your Company still has accumulated losses, the Directors regret to inform you that they are not in a position to recommend any Dividend for the year ended 31.03.2010.

6. DEPOSITS

Your Company has not accepted any Deposits during the year.

7. DIRECTORS

In term of Articles of Association of the Company, Mr. B.K. Bakhshi, Dr. Bharat H. Barai and Dr. Gorantla Govindaiah, Directors retire by rotation at the ensuing Annual General Meeting and offered themselves for re-appointment. Your Directors recommend their re-appointment.

8. AUDITORS

The Statutory Auditors M/s. Venugopal & Chenoy, Chartered Accountants, appointed by the Members at their earlier Annual General Meeting retire at the conclusion of this Meeting and they are eligible for re-appointment. The Members are requested to appoint the Auditors and to fix their remuneration.

9. PERSONNEL

During the year, none of the employees is in receipt of remuneration in excess of the limits prescribed u/s. 217(2A) for the Companies Act, 1956, read with Companies (Particulars of Employee) Rules, 1975, as amended from time to time.

10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A "Management Discussion and Analysis Report" has been furnished separately and the same forms part of this report..

11. CORPORATE GOVERNANCE

A brief report on Corporate Governance in compliance with clause 49 of the Listing Agreement is annexed.

12. DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors responsibility Statement, it is hereby confirmed :

- (i) that in the preparation of the accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;*
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of your Company for the year under review;*
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the Provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.*
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.*

13. ACKNOWLEDGEMENT

The Board wishes to place on record its deep sense of gratitude and appreciation to all the Promoters and Shareholders for their whole hearted support to your Company. The Board also wishes to acknowledge the help and assistance rendered by the Banks, Dealers, Customers, Suppliers, Collaborators, Consultants and Contractors. The Board wishes to further record its gratitude to various Departments of the Government of Andhra Pradesh and Government of India and other State Governments for their support and encouragement given to your Company. The Board records its appreciation for the contribution of all the team members of your Company.

14. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE

The prescribed details as required u/s. 217(1)(e) of the Companies Act, 1956 are annexed.

For and on behalf of the Board of Directors

Sd/-

D. V. MANOHAR

Chairman & Managing Director

Place : Hyderabad

Date : 06.09.2010

MANAGEMENT DISCUSSION AND ANALYSIS

SHRI SHAKTI LPG LTD (SSLPG) has been engaged in the business of LPG marketing. The management discussion and analysis given below discusses the key issues concerning the LPG industry in general and SSLPG in particular followed by the recent developments wherein the company decided to diversify into power and infrastructure under the new identity of SHRI MATRE POWER AND INFRASTRUCTURE LTD (SMPIL).

Industry Structure and Developments :

LPG marketing was the monopoly of the Government Oil Companies who had piled up a huge waitlist. The Government of India in 1993 permitted the private sector participation with a commitment that the subsidy enjoyed by the Government Oil Companies would be removed in a phased manner in the next few years. It had also committed that the commercial and industrial LPG markets in India would be reserved exclusively for the private sector, till the subsidy withdrawal in the domestic sector is completed. None of the promises were implemented as a result of which the private sector companies were unable to run the LPG business on a profitable basis due to the total absence of the level playing field.

The Government of India even failed to implement its G.O. Ms. No.224 dated 27th November,1997 wherein the Government committed phased withdrawal of subsidy on LPG over a period of 3 years ending with March, 2001. This was subsequently shifted to end of March ,2002. Because of Government's failure to honour its commitments as above and the consequent absence of level playing field, the entire private sector industry was badly affected and became loss making. The Ministry of Petroleum issued a notification stating that the subsidies on LPG and Kerosene will be removed in a phased manner by the year 2007 only. However, the same is yet to be implemented.

SSLPG were the pioneers in the field of LPG marketing and established large integrated infrastructure to carry LPG from dock (Port) to the door of customers, which consisted of dedicated port facilities, large storage terminals, network of bottling plants and distribution and marketing networks. Your company was able to do well from the commencement of commercial operations in 1995 till 1999 and became profitable. Infact your company emerged as the country's largest private sector LPG Company. However, due to abnormal rise in crude oil prices during 1999 to 2000, the international LPG prices also shot up. Despite the big spurt in sourcing costs, it was not possible to proportionately increase the prices due to competition with the Government Subsidized gas by virtue of which the company incurred losses. This was further aggravated in the subsequent years due to the growing disparity in the prices between the private LPG operators and the PSU Oil Undertakings, on account of non-removal of subsidy as mentioned earlier. Because your company's dedicated customer base was much larger, it had to suffer greater losses as more sales meant more losses. Inspite of the difficult times, the company built a strong brand image viz., SHAKTI GAS which is still quite popular.

SSLPG entered into LPG Auto Fuel market and developed for the first time patented technology for converting the 2 stroke engines of both 3 wheelers and 2 wheelers to run on LPG in collaboration with Automotive Research Association of India (ARAI). In June, 2007, SSLPG received two patents jointly with ARAI for the above. The Government of India which agreed in principle to permit LPG as auto fuel, took a very long time to enact the legislative amendment. The highly potential auto fuel market which was to open by 1998, was not available till recently due to delay in finalization of norms by the Government and setting up of adequate number of LPG dispensing stations.

Opportunities and Threats :

Your company has taken up a three pronged strategy for its turn around which was as follows :

- a) One Time Settlement (OTS) with term loan, working capital lenders and unsecured loans wherein the entire accumulated interest along with considerable part of the principle amount is waived.*
- b) Tie up financial arrangements to raise the amounts required for meeting the OTS commitments.*
- c) Marketing Action Plan to aggressively sell LPG in the commercial, industrial and auto fuel markets in addition to extensive and accelerated marketing of Shakti Gas Auto Kits in all the cities where it is mandatory to convert three wheelers to run on environment-friendly fuels at the earliest.*

SSLPG achieved a major breakthrough when the company paid off all the term loans and working capital liabilities under the One Time Settlement (OTS) deal, wherein the Banks & Financial Institutions agreed to waive the interest and considerable part of the principal and accept the balance in full & final settlement of their term loans and working capital loans. The company got a very good deal from all the three banks & Financial Institutions based on our strong contention that the company from the position of the acknowledged leader of the private sector LPG Industry, fell down and became loss making and sick only because the Government did not honour the commitments given to private LPG industry.

Outlook :

As could be seen from the above, the Company had been badly let down by the Government of India who did not honour its commitments given to the Private Sector LPG Industry. Despite the best efforts being put in by all the team members, the company is not able to make much progress in reviving its LPG Business. It is primarily due to the fact that the Government could still not do much to withdraw the subsidy on LPG as committed by it. Over the years, the subsidy has further ballooned thereby substantially enlarging the gap between government subsidized gas and the private sector non subsidized gas.

As the future prospects in LPG business do not seem to be bright enough, it is decided to diversify.

In India electricity is always in short supply. Despite the increase in new power generation plants, the gap between demand and supply has not reduced. The average per capita consumption of electricity in India is about 700 kWh which is far below the World average of 2300 kWh. The Indian government has set ambitious goals in the 11th plan for power sector owing to which the power sector is poised for significant expansion. In order to provide availability of over 1000 units of per capita electricity by year 2012, it has been estimated that need-based capacity addition of more than 100,000 MW would be required.

The Government of India has recently announced Jawaharlal Nehru National Solar Mission (JNNSM) for promoting solar power projects in various parts of the country. The objective of the JNNSM under the brand "Solar India" is to establish India as a global leader in solar energy by creating the policy conditions for its diffusion across the country as quickly as possible. The Mission has set a target of 20,000 MW and stipulates implementation and achievement of the target in 3 phases (first phase upto 2012-13, second phase from 2013-17 and third phase from 2017-22) for various components including utility grid connected solar power. Under this, it is proposed to harness the solar energy abundantly available in India and use the same for power generation to meet the ever growing demand for electricity across the country.