

(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 (upto 25-07-2011)
	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 EIGHTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD ON TUESDAY, THE 27TH SEPTEMBER 2011 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, 2011.
2. To appoint a Director in place of Mr. B.K.Sinha, 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. A.Balasetti, who is retiring at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V. Subrahmanyam, 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.

By Order of the Board

Sd/-

D. V. MANOHAR

Chairman & Managing Director

PLACE : HYDERABAD

DATE : 03.09.2011

NOTE :

1. A member entitled to attend and vote at 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 26-09-2011 to 27-09-2011 (both days inclusive).

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, 2011.

2. FINANCIAL PERFORMANCE

The Financial performance of the Company for the year 2010-11 is indicated below :

(₹ 000 Omitted)

Particulars	2010-11	2009-10
Gross Income	51768	81388
Less : Expenditure excluding Interest, Depreciation & prior period and Extraordinary items	12328	29704
Profit / (Loss) before Interest, Depreciation & prior period and Extraordinary items	39440	51684
Interest	-	721
Profit / (Loss) before Depreciation	39440	50963
Depreciation	30093	30122
Profit / (Loss) before prior period and Extraordinary items	9347	20841
Net Profit / (Loss) before provision for Taxation	9347	20841
Net Profit	9347	20841

During the year, the company incurred cash profit of ₹ 39,440 thousands, (previous year Profit of ₹ 50,963 thousands). After providing for depreciation amounting to ₹ 30,093 thousands (previous year ₹ 30,122 thousands), the total profit for the year stood at ₹ 9347 thousands (previous year ₹ 20,841 thousands). We are happy to inform you that your company has succeeded in wiping out all its accumulated losses. Consequent to the setting off of reduction of the share capital amounting to ₹ 211,536 thousands and the general reserves amounting to ₹ 200,872 thousands against the accumulated losses of ₹ 412,408 thousands, your company concluded the year with a clean slate.

Reduction of Share Capital

Our esteemed members have approved subject to approval of Hon'ble High Court of A.P., at the last AGM held on 30th September, 2010 the reduction of share capital of your company and also to set off losses incurred by the company to such reduction. The members also approved, amending the face value of share to ₹ 2/- per share.

The Directors are happy to inform you that the Hon'ble High Court of AP vide order CP No.124 of 2011 dtd 03.08.2011 has confirmed the proposal of the company, as required with effect from 01.10.2010. Accordingly the accounts as on 31.03.2011 were prepared duly incorporating the changes approved at AGM held on 30.09.2010.

Future Outlook :

As you are aware, despite putting best efforts to revive its LPG Business your company could not achieve much progress. This is primarily due to the fact that the Government could not do much to withdraw the subsidy on LPG as committed by it. Hence last year, your Company decided to diversify into power generation and solar power to begin with under the name Shri Matre Power & Infrastructure Ltd.

The Jawaharlal Nehru National Solar Mission (JNNSM) has set targets for 20,000 MW of solar generation capacities to be set-up by 2022 and a recent KPMG study estimates that potential realization could be 67,000 MW by 2022 through National, State and Private initiatives.

In a relief for developers of solar power projects, the union ministry for environment and forests (MoEF) has clarified that no environmental clearance is required for solar power projects. The clarification comes in the wake of the Ministry of New and Renewable Energy (MNRE) taking up the matter with MoEF. "It is clarified that solar power projects are not covered under the ambit of EIA notification, 2006 and no environment clearance is required for such projects".

To start with, your company acquired 146 acres of land in Ramdevara Village near Pokhran, Jodhpur, Rajasthan to set up its solar project. Your Company participated in the tender bid process floated by NTPC Vidyut Vyapar Nigam Ltd (NVVN) but did not succeed.

The reduction of share capital would significantly equip your Company much better to participate in large tenders and thereby substantially strengthen our efforts to diversify into solar power generation. Your Company is participating in the next round of tendering for solar power projects under the JNNSM which would be taking place starting this month.

Further, your Company has been trying every single opportunity to enter into the solar power generation field. Your Company participated in the Vibrant Gujarat 2011 and registered with the Government of Gujarat for setting up a large Solar Power generation Plant. It is also seriously working on tie-ups for advanced technology with leading international technology providers in the solar field. Your Directors are optimistic that your company would succeed in the Solar Power project field soon.

It has always been the endeavor of your Directors to turn the company around at the earliest. Your Directors are putting in all out efforts and are leaving no stone unturned to achieve the same. With your company wiping out all its accumulated losses and starting off now with a clean slate, we are in a better position to achieve our objectives. As esteemed share holders are aware, your company is already Debt Free.

(Formerly SHRI SHAKTI LPG LTD.)

3. DEPLOYMENT OF FUNDS :

	(₹ 000 Omitted)	
	31.03.2011	31.03.2010
Sources of Funds		
Share Capital and Reserves	384,300	787,361
Un-secured Loans and Trade Deposits	56,424	113,465
Total	440,724	900,826
Application of Funds		
Net Fixed Assets, Capital Work-in-progress	309,343	339,404
Investments	10,250	10,250
Net Current Assets	121,131	138,764
Profit and Loss A/c.	0	412,408
Total	440,724	900,826

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 does not have enough profits, the Directors regret to inform you that they are not in a position to recommend any Dividend for the year ended 31.03.2011.

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. Sinha, Dr. A.Balasetty and Mr.V.Subrahmanyam, Directors retire by rotation at the ensuing Annual General Meeting and offered themselves for re-appointment. Your Directors recommend their re-appointment. Mr.D.V.Satya Kumar resigned from the Board with effect 25.07.2011, due to personal reasons and the same has been accepted and the Board recorded its deep appreciation and profound gratitude for the invaluable services rendered by Mr.D.V.Satya Kumar to the company from the inception.

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, 2011, 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, 2011 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 : 03.09.2011

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. In spite 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.

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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 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.

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.

Shri Matre Power & Infrastructure Limited (SMPIL) is participating in the tender bid process floated by the above nodel agency NVVN. SMPIL 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.

RISKS & CONCERNS :

The Management of the company analyses and evaluates on a continuous basis the various risks associated with the business and adopts Risk Management Practices to minimize the adverse impact of these risks. Both external as well as internal developments are assessed regularly.

The Management constantly scans the environment covering areas like market scenario, Government policies, national as well as global developments, technological changes etc. Business risks and uncertainties are identified and prioritized. Appropriate strategies are planned and implemented.

INTERNAL CONTROL SYSTEMS :

The company has an effective Internal Control System with respect to purchase and sale of inventory, fixed assets and goods. It has an internal audit department wherein audit of the transactions of the plants and the corporate offices are done at periodical intervals in order to ensure that recording and reporting are adequate and proper. The internal audit also verifies whether internal controls and checks

and balances in the system are adequate, proper and upto date corrective actions for any weaknesses in the system that are disclosed by the audit are taken.

The Audit Committee consists of eminent Independent Directors. It reviews the important observations of the Internal Audit and suggests corrective action for the management to implement. It also meets periodically to review and recommend quarterly, half - yearly and annual financial statements of the company. The Committee also holds discussions with the Internal Auditors, Statutory Auditors and the Management on the matters relating to internal controls, auditing and financial reporting. The Committee also reviews with the statutory auditors, the scope and results of the audits.

FINANCIAL PERFORMANCE VS. OPERATIONS PERFORMANCE :

During the year the Company has earned cash profit of ₹ 39,440 thousands (previous year earned cash profit of ₹ 50,963 thousands). After providing depreciation of ₹ 30,093 thousands (previous year ₹ 30,122 thousands) the net profit for the year stood at ₹ 9347 thousands (previous year profit ₹ 20,841 thousands).

HUMAN RESOURCES & INDUSTRIAL RELATIONS :

The company continues to maintain cordial industrial relations. Retention of the workforce is a key challenge considering the exponential growth in the industrial sector. The company has been consistently working on learning development of employees to enable them to take on larger responsibilities.

The company had on its rolls 14 permanent employees at the end of financial year 2010-11.

CAUTIONARY STATEMENT :

Statement in this Management Discussion & Analysis describing the company's objectives, projected estimates and expectations may constitute forward looking statement within the meaning of applicable laws and regulations. Actual results might differ marginally or materially from those either expressed or implied.