

(Formerly SHRI SHAKTI LPG LTD.)

SHRI MATRE POWER AND INFRASTRUCTURE LIMITED

(Formerly SHRI SHAKTI LPG LIMITED)

To,

Dated: 03.09.2012

ALL THE MEMBERS

Dear Esteemed Shareholder,

Sub : Reduction and Sub-division of Share Capital of SHRI MATRE POWER & INFRASTRUCTURE LIMITED

In pursuance to Reduction of Share Capital sanctioned by *Hon'ble High Court of Andhra Pradesh Order vide CP No 124 of 2011 dated 03.08.2011*, W.E.F 01.10.2010, the paid up Share Capital of our Company is reduced by 40% and Listing Application for Listing of New Shares are being filed with Stock Exchanges concerned. Accordingly the Face Value of each Equity Share is reduced from Rs 10/- to Rs 6/-. This amount of Rs 6/- is further sub-divided into 3 Equity Shares of Face Value of Rs 2/- each.

To illustrate further : A person holding 100 fully Paid up Equity Shares of Face Value Rs 10/- each as on 30th September, 2010, after reduction he will hold 300 Equity Shares at a Face Value of Rs 2/- each as on the day of Record Date i.e., 27-09-2012 & 28-09-2012.

Our Company's shares are admitted into CDSL/NSDL. As part of security measures for holding shares in electronic mode instead of physical mode, you are advised to demat your shares immediately (if you are still holding shares in physical form) with the old certificates and intimate us your demat account number to enable us to issue sub divided shares in electronic mode. This will not only help our Company in servicing you faster but also helps in reducing the cost of printing of new share certificates and postage considerably. However if any Member is particular about holding his/her shares in physical form only, they are requested to forward their old share certificates to our Registrar & Share Transfer Agents M/s. XL Softech System Ltd, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500034, to enable us to issue new sub divided share certificates to them duly cancelling the old one(s) in view of reduction and sub division as stated above.

Any clarifications or queries in connection with the above may be addressed to our Company's Registrar and Share Transfer Agent : M/s. XL Softech System Ltd, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500034; Tel : 91-040-23545913 / 14 / 15 Fax : 91-040-23553214; E-Mail : xlfield@gmail.com, by quoting your Regd.Folio Number.

You're also requested to inform your email, mobile numbers and Identification Particulars i.e, Copy of Permanent Account Number (PAN) and proof of Residential Address, to update our master, if you have not submitted them earlier to us.

Thanking you,

Yours faithfully,

For SHRI MATRE POWER AND INFRASTRUCTURE LIMITED

Sd/-

D.V. Manohar

Chairman & Managing Director

Encl : As above

Registered & Corporate Office:

Venus Plaza, Begumpet, Hyderabad – 500 016, INDIA.

Tel : ++91-04-2790 2929, Fax : ++91-40-27908989

Website : www.shrishakti.comE-mail: info@shrishakti.com

GREEN INITIATIVE IN CORPORATE GOVERNANCE: GO PAPERLESS

The Ministry of Corporate Affairs has come up with a Green Initiative of permitting the service of documents including Annual Reports to the Shareholders through e-mail or other permissible electronic modes instead of physical mode vide its Circular No 17/2011 dated 21st April, 2011. To support this green initiative, members who have not registered their e-mail addresses so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository NSDL/CDSL through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the appropriate column in the members e-mail registration form and register the same with M/s. XL Softech System Ltd.

Members e-mail Registration Form

Name :e-mail :

Address :

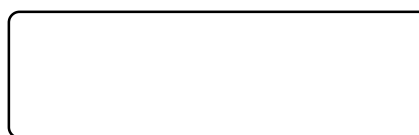
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DP ID : Client ID :

Folio No :
(in case of physical holding)

No of Equity shares held :



Signature

Members are requested to send this e-mail registration form to the Company's Registrar and Transfer Agents i.e., M/s. XL Softech System Ltd at the below mentioned address.

M/s. XL Softech System Ltd

3, Sagar Society, Road No.2, Banjara Hills,
Hyderabad – 500034.

Tel : 91-040-23545913 / 14 /15

Fax : 91-040-23553214

(Formerly SHRI SHAKTI LPG LTD.)

BOARD OF DIRECTORS	Mr. D.V. Manohar	Chairman & Managing Director
	Mr.B.K.Bakhshi	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.
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BANKERS	ICICI Bank & HDFC Bank
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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
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REGISTERED OFFICE	Venus Plaza Adjacent to Old Airport, Begumpet, Hyderabad - 500016. Tel : 91-040-27902929 Fax: 91-040-27908989
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PLANTS	(1) Beach Road, Nemam Village, Kakinada - 533005 (A.P)
	(2) Near Railway Station, Bibinagar, Nalgonda District (A.P)

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD ON FRIDAY, THE 28TH SEPTEMBER 2012 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, 2012.
2. To appoint a Director in place of Mr. R.Prabhakar Rao, 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 Mr. B.K.Bakhshi, 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/-

PLACE : HYDERABAD
DATE : 04.09.2012

D. V. MANOHAR
Chairman & Managing Director

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 27-09-2012 to 28-09-2012 (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, 2012.

2. FINANCIAL PERFORMANCE

The Financial performance of the Company for the year 2011-12 is indicated below :

(₹ 000 Omitted)

Particulars	2011-12	2010-11
Gross Income	36409	51768
Less : Expenditure excluding Interest, Depreciation & prior period and Extraordinary items	7733	12328
Profit / (Loss) before Interest, Depreciation & prior period and Extraordinary items	28676	39440
Interest	-	-
Profit / (Loss) before Depreciation	28676	39440
Depreciation	30085	30093
Profit / (Loss) before prior period and Extraordinary items	-1409	9347
Net Profit / (Loss) before provision for Taxation	-1409	9347
Net Profit / (Loss)	-1409	9347

During the year, the company incurred cash profit of ₹ 28,676 thousands, (previous year Profit of ₹ 39,440 thousands). After providing for depreciation amounting to ₹ 30,085 thousands (previous year ₹ 30,093 thousands), the total loss for the year stood at ₹ 1409 thousands (previous year profit of ₹ 9347 thousands).

Future Outlook :

As you are aware, your Company decided to diversify into solar power generation to begin with under the name Shri Matre Power & Infrastructure Ltd. 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.

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Your company acquired requisite land in Ramdevara Village near Pokhran, Jodhpur, Rajasthan to set up its solar project. Though your Company did not succeed in the tender bid process floated by NTPC Vidyut Vyapar Nigam Ltd (NVVN), it is pursuing every opportunity to enter into the solar power generation field. Your Company is geared to participate in the tender floated by Rajasthan Renewable Energy Corporation Ltd (RRECL). It would submit its bid for 10MW Solar Power Project to secure a long term Power Purchase Agreement (PPA) to set up a solar power plant & sell electricity to the Rajasthan State Discoms, through RFS issued by RRECL. Your company tied-up with Sun Power Solar of USA for this project and would be bidding for this project along with them. However we have to wait for sometime as RRECL's tender stands postponed.

Apart from participating in the above tenders, your company is also working on alternate avenue wherein it would have a tie-up for 25 year PPA under open Access Mechanism with an Obligated Entity to meet their Solar Purchase Obligations. Your company also is pursuing the option of selling power directly to Discoms and earn its profits through sale of Renewable Energy Certificates. Presently this approach is more profitable in view of the attractive prices of RECs.

Simultaneously, your Company is also working on mobilizing requisite funds to meet cost of the proposed Power Project. With your company wiping out 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.

It is the earnest endeavor of your Directors to turn the company around at the earliest and make it profitable once again. Your Directors are putting in all out efforts and are leaving no stone unturned to achieve the same. Your Directors are optimistic that your company would succeed in the Solar Power field soon.

3. DEPLOYMENT OF FUNDS :

	(₹ 000 Omitted)	
	31.03.2012	31.03.2011
Sources of Funds		
Share Holders Funds	382,891	384,300
Non-Current Liabilities	31,180	56,424
Current Liabilities	40,744	46,372
Total	454,815	487,096
Application of Funds		
Non-Current Assets	279,206	309,343
Long Term Loans and Advances	3,536	3,536
Other Non-Current Assets	90,745	89,957
Current Liabilities	81,268	842,590
Total	454,815	487,096

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 31.03.2012.

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 Mr.R.Prabhakar Rao, Directors retire by rotation at the ensuing Annual General Meeting and offered themselves for 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 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) of 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, 2012, 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, 2012 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 : 04.09.2012

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 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.