

SHRI SHAKTI LPG LTD



**12th ANNUAL REPORT
2004 - 2005**

BOARD OF DIRECTORS

Mr.D.V.Manohar	Chairman & Managing Director
Mr.D.V.Satya Kumar	Director
Mr.D.V.Raja Sekhar	Director
Ms.Satya Pinjala	Director
Mr.D.V.L.N.Murthy	Director
Mr.B.K.Bakhshi	Director
Mr.S.Gopala Krishnan	Director
Dr.A.Balasetti	Director
Dr.Bharat H.Barai	Director
Dr.Kamlesh V.Bulchandani	Director
Dr.Gorantla Govindaiah	Director

AUDITORS

M/s. Venugopal & Chenoy
Chartered Accountants
Hyderabad.

COMPANY SECRETARY

Mr. Gnana Nidhi

BANKERS

State Bank of Hyderabad

REGISTRARS &

SHARE TRANSFER AGENTS

M/s. Karvy Computershare Pvt. Ltd.
46, Avenue, Road No.1,
Banjara Hills,
Hyderabad – 500 034.

REGISTERED OFFICE

Venus Plaza
Adjacent to Airport,
Begumpet,
Hyderabad – 500 016.
Tel : 91-040-27907979
Fax : 91-040-27908989

PLANTS

- (1) Nemam Village
Beach Road,
Kakinada – 533 005 (A.P.)
- (2) Bibinagar
Near Railway Station
Nalgonda District. (A.P.)

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business set out in the Notice convening the 12th Annual General Meeting.

ITEM NO. 5

Members are kindly aware that the resolution for increasing the authorised Share Capital from Rs.600,000,000 (Six Hundred Millions only) to Rs.700,000,000 (Seven Hundred Millions only) has been passed at the Annual General Meeting held during the year 2000. Owing to financial constraints, the Company could not implement the resolution for increasing the authorised Share Capital.

As good Corporate Governance, it is proposed to take fresh approval of the Share Holders for increasing the authorised Share Capital now from Rs. 600,000,000 (Six Hundred Millions only) to Rs. 650,000,000 (Six Hundred and Fifty Millions only).

Under the consolidated plans drawn up by the Company, it is proposed to issue further equity shares on preferential allotment basis to one Investment Company. Keeping the requirement in view, it is proposed to increase the authorised Share Capital from Rs.600,000,000 (Six Hundred Millions only) to Rs. 650,000,000 (Six Hundred and Fifty Millions only). Increase in the Authorised Share Capital involves alteration of Memorandum of Association and thus requires Shareholders approval by way of an Ordinary Resolution. Hence, this Resolution is proposed.

No Director of the Company is interested in this resolution.

ITEM NO. 6

Under the consolidated plans drawn up by the Company, it is proposed to issue further equity shares on preferential allotment basis to one Investment Company. Keeping the future requirement in view, it is proposed to increase the Authorised Share Capital from Rs.600,000,000 (Six Hundred Millions only) to Rs. 650,000,000 (Six Hundred and Fifty Millions only). Increase in the Authorised Share Capital involves alteration of Articles of Association and thus requires shareholders approval by way of a Special Resolution. Hence, this Resolution is proposed.

No Director of the Company is interested in this resolution.

ITEM NO. 7

Under the consolidated plans drawn up by the Company, it is proposed to issue upto a maximum of 7,000,000 (Seven Million only) equity shares of Rs.10/- each on preferential allotment basis to one investment Company, M/s Chintalapati Holdings Pvt. Ltd. at an aggregate not less than the face value of Rs.10/- per share, after taking into account the prevailing regulatory guidelines issued by SEBI on preferential allotments by the listed companies, including pricing norms. Pending the finalisation of the arrangement, the Investment Company is willing to take an equity stake immediately to infuse additional capital into the company, which will be basically used for payment of OTS dues and other liabilities to Financial Institutions / Banks / others. The above resolution is primarily to facilitate the same. The funds raised through this allotment of shares will be utilised Primarily for meeting OTS commitments of the company.

PRICING OF THE ISSUE:

As per the SEBI guidelines the issue of shares on Preferential

basis can be made at price not less than the higher of the following:

- (i) The average of the weekly high and low of the closing prices of the related shares quoted on the Stock exchange during the six months preceding the relevant date.
- (ii) The average of the weekly high and low of the closing prices of the related shares quoted on the Stock exchange during the two weeks preceding the relevant date.

The company's quotation for the last 6 months before the relevant date (i.e. 1.12.2005 - 30 days before the date of AGM) is not available due to the temporary suspension of shares by NSE mainly because of late payment of Annual Listing Fees which resulted in non-compliance of listing agreement. The company's shares were trading around Rs. 5/- per share before the suspension. Therefore the preferential allotment proposed at par i.e. Rs. 10/- per share is very much in compliance with the pricing norms mentioned above.

Since the company has paid the listing fees in full and complied with the other requirements, the suspension is expected to be lifted shortly.

Approval of the members is sought in terms of Section 81 (1A) of the Companies Act, 1956.

No Director of the Company is interested in this resolution.

Additional Disclosure as per SEBI (Disclosure & Investor Protection) Guidelines 2000 relating to preferential issues.

(i) The objects of the issue through preferential offer.

The company has submitted One Time Settlement (OTS) Proposal to all the lenders, viz., IFCI, SBH and PNB and vigorously pursued the same. Due to the untiring efforts of the company, all the three lenders accepted the OTS proposals submitted by your company and sanctioned the same on very reasonable Terms & Conditions wherein considerable principal amount of the loan is waived in addition to the entire accumulated interest payable as of date.

Now to meet the OTS requirement partly, the company proposes this preferential offer apart from debt raising.

(ii) Intention of the Promoters / Directors / Key Management persons to subscribe to the offer.

Your Company has taken up a three pronged strategy for its turn-around which is as follows:

- a) One Time Settlements (OTS) with the term loan lenders wherein the entire accumulated interest along with considerable part of the principle amount is waived.
- b) Tie up with venture capital funder/prospective JV partner to raise the amounts required for meeting the OTS commitments.
- c) Marketing Action Plan to aggressively sell LPG in the

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- 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 the Supreme Court has made it mandatory to convert three wheelers to run on environment-friendly fuels such as LPG/CNG at the earliest.

Based on the above strategy, your Company is putting in all out efforts to turn-around. Your Company's efforts have started bearing fruit with the achievement of the first part of the above strategy with the sanctioning of OTS

packages by the term loan lenders. Your Company has already succeeded to a considerable extent in the second part of the strategy. Your Company also has finalized the detailed Marketing Action Plan, which would be taken up for implementation in consultation with the proposed Joint Venture Partner.

To implement the above strategy, it is imperative to make this Preferential Allotment to this investor namely M/s. Chintalapati Holdings Pvt. Ltd.

(iii) Shareholding pattern before and after the offer. (Pre allotment figures are as of 30-06-2005)

Category	Before		After	
	No. of shares Held	Percentage of Shareholding	No. of shares Held	Percentage Share holding
A) Promoter's holding:				
Promoters				
- Indian Promoters	618420	1.07%	618420	0.95%
- Foreign Promoters				
Persons Acting in Concert	19106457	32.94%	19106457	29.39%
Sub Total	19724877	34.01%	19724877	30.35%
B) Non - Promoters Holding				
(i) NRIS	11181098	19.28%	11181098	17.20%
(ii) Financial institutions/ Banks/mutual funds	2749700	4.74%	2749700	4.23%
(iii) Body corporates	2509060	4.33%	9509060	14.63%
(iv) OCB	16850	0.03%	16850	0.03%
(v) Resident Indians	350950	0.61%	350950	0.54%
Sub Total	16807658	28.98%	23807658	36.63%
C) Others				
Indian Public	21467465	37.01%	21467465	33.03%
Sub Total	21467465	37.01%	21467465	33.03%
GRAND TOTAL	58000000	100.00%	65000000	100.00%

(iv) Time limit within which, the allotment will be completed.

The allotment is proposed to M/s. Chintalapati Holdings Pvt. Ltd. and the allotment is expected to be completed within a period of two months from the date of approval.

(v) The identity of the proposed allottees and the percentage of post preferential issue capital held by them.

The allotment is proposed to M/s Chintalapati Holdings Pvt. Ltd.

The post – preferential issue capital held by them will be 10.77%.

By Order of the Board

Place: Hyderabad

Date : 04.12.2005

D. V. Manohar

Chairman & Managing Director

DIRECTORS' REPORT

To
The Shareholders
Shri Shakti LPG Ltd.

1. INTRODUCTION

Your Directors present herewith the TWELFTH Annual Report to you.

2. FINANCIAL PERFORMANCE

The Financial Performance of the Company for the year 2004-2005 is indicated below:

	(Rupees 000 omitted)	
Particulars	2004-05	2003-04
Gross Income	880441	36327
Less: Expenditure excluding Interest, Depreciation & prior-period and Extraordinary items	91413	44430
Profit before Interest, Depreciation & Prior-period and Extraordinary items	789028	-8103
Interest	85916	92042
Profit/Loss(-) before Depreciation	703112	-100145
Depreciation	50065	-53416
Profit (Loss) before Prior-period and Extraordinary items	653047	-153561
Prior Period and Extraordinary items	603	-14642
Net Profit (Loss) before provision for MAT	652444	-168203
Provision for MAT	6000	-
Net Profit (Loss)	646444	-168203

The Directors are happy to inform you that during the year, your company earned a profit of Rs.703112 thousands, (previous year loss Rs.100145 thousands). After providing for depreciation amounting to Rs.50065 thousands, (previous year Rs.53416 thousands), prior period/extraordinary items Rs.603 thousands (previous year Rs.14642 thousands) and MAT of Rs.6000 thousands (previous year Nil) the total Profit for the year stood at Rs.646444 thousands (previous year loss Rs.168203 thousands).

The Directors are further happy to inform you that during the year, your Company succeeded in achieving a major break through. After two years of herculean efforts by your Company, finally the three term loan and working capital lenders sanctioned OTS packages to your Company. Your Company paid the OTS amount in full over a period of six months to PNB who was the first to sanction the OTS package in September, 2004. Thereafter IFCI and SBH sanctioned their OTS packages in March, 2005. Your Company paid off the OTS amount in full to SBH and made part payment to IFCI. Since your Company very much needed more time to arrange the balance OTS amount payable to IFCI, your Company sought time extension. Your Company is in the process of tying up the above-required funds to meet the balance OTS commitments to IFCI. These funds have already started flowing in, with the support of which the recent payments to SBH & IFCI were made. Your Company is confident of paying off the balance amount to IFCI shortly after which your Company would be a Debt-free

Company. Once the remaining part of the term loan at high interest cost is paid off, the interest burden on your Company would go away and your Company would be well poised to turn around.

Your Company has taken up a three pronged strategy for its turn-around which is as follows:

- One Time Settlements (OTS) with the term loan and working capital lenders wherein the entire accumulated interest along with considerable part of the principle amount is waived.
- Tie up with venture capital funder/prospective JV partner to raise the amounts required for meeting the OTS commitments.
- 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 the Supreme Court has made it mandatory to convert three wheelers to run on environment-friendly fuels such as LPG/CNG at the earliest.

Based on the above strategy, your Company is putting in all out efforts to turn-around. Your Company's efforts have started bearing fruit with the achievement of the first part of the above strategy with the sanctioning of OTS packages by the lenders. Your Company has already succeeded to a considerable extent in the second part of the strategy. Your Company also has finalized the detailed Marketing Action Plan, which would be taken up for implementation in consultation with the proposed Joint Venture Partner.

The Directors are pleased to inform you that your Company is no longer a sick company. The BIFR in its hearing in October, 2005 confirmed that SSLPG is not a sick company under the provisions of SICA.

As mentioned in the earlier Director's Report, the Government of India had made a number of promises to the LPG Private Sector when they opened the LPG sector for the private sector participation in the year 1993. None of the promises like removal of subsidy, making available the waitlist to the private sector and making available commercial and industrial markets to the private sector have been implemented. As a result of this, all the private sector companies including your company have been unable to run the LPG business on a profitable basis due to the total absence of a level play field. The Government of India even failed to implement its G.O.MS.No.224 dated 27th November, 1997 wherein the government committed a phased withdrawal of subsidy on LPG over a period of three years ending with March, 2001. This was subsequently shifted to end of March, 2002. Because of the Government's failure to honor its commitments as above and the consequent absence of a level play field, the entire private sector LPG industry was badly affected and became loss-making. During the previous year, 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. It is sincerely hoped that the Government of India would implement atleast its above latest decision.

However your Company would be focussing on non-subsidised markets such as commercial, industrial and auto-fuel markets as already mentioned above. Consequently, your Company would be insulating itself from the affects of continuation of subsidy. With the support of our proposed Joint Venture Partner, it is expected that your Company would do well in the above non-subsidised markets.

In the EGM of our Shareholders held on 30th March, 2005 approval was accorded for the sale of part of our assets to enable the company to meet the OTS commitments. The Directors are glad to mention that so far without any sale of assets, considerable part of OTS dues have been paid off. Our endeavour is to preserve value for our Share Holders by further adding value through growth of business through strategic partnership.

Despite the turbulence which rocked the entire private sector LPG industry in the past few years, your Company not only managed to survive but now very much geared to turnaround. We could achieve this virtually incredible/impossible task primarily due to your unstinted cooperation and support throughout in general and during the turbulent period in particular. We would like to convey our appreciation and grateful thanks to you for the same and reaffirm our commitment and determination to take your Company to greater heights.

3. DEPLOYMENT OF FUNDS

(Rs.000 Omitted.)

Sources of Funds	31.03.2005	31.03.2004
Share Capital and Reserves	517462	517462
Secured Loans	126779	981232
Unsecured Loans and Trade Deposits	166381	136440
TOTAL	810622	1635134
Application of Funds		
Net Fixed Assets, Capital Work-in-Progress,		
Expenditure During construction pending		
Capitalisation	501045	551111
Investments	16450	20950
Net Current Assets	11056	133359
Misc. Expenditure to the extent not written off	30300	31500
Profit and Loss A/c.	251771	898213
TOTAL	810622	1635134

4. SUBSIDIARY COMPANY

Your fully owned subsidiary company namely Asia LPG Pvt. Ltd's (ALPL) financial results 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 31.03.2005.

6. DEPOSITS

Your Company has not accepted any Fixed Deposits during the year.

7. DIRECTORS

In terms of Articles of Association of the Company, Mr. B. K. Bakshi and Dr. A. Balasetti retire by rotation as Directors at this Annual General Meeting and being eligible offer themselves for re-appointment. Your directors recommend their reappointment. Mr. Kamalesh V. Bulchandani retires by rotation.

8. AUDITORS

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

9. PERSONNEL

During the year none of the employees is in receipt of the remuneration in excess of the limits prescribed u/s.217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

10. CORPORATE GOVERNANCE

A brief report on Corporate Governance in compliance with Clause 49 of the Listing Agreement is annexed as Annexure - I hereto.

11. 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 Director's Responsibility Statement, it is hereby confirmed:

- that in the preparation of the accounts for the financial year ended 31st March 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements 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;
- 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.
- That the Directors have prepared the accounts for the financial year, ended 31st March 2005 on a 'going concern' basis.

12. 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 and spontaneous support to your Company in spite of the turbulent period faced. The Board also wishes to acknowledge the help and assistance rendered by all the banks, financial institutions, 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 efforts made by employees of your Company at all levels and for their unflinching support and co-operation.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The prescribed details as required U/s.217(1)(e) of the Companies Act, 1956 are given in the Annexure II.

For and on behalf of the Board of Directors

Hyderabad

Date: 04.12.2005

D.V.Manohar

Chairman & Managing Director

ANNEXURE – I

A REPORT ON CORPORATE GOVERNANCE

a) Company's Philosophy

Corporate Governance assumed a great deal of importance in the business life of the company. The driving forces of Corporate Governance at Shri Shakti are its core competence and core values – Belief in Core Competence, people, leadership, consumer orientation and pursuit of excellence and strive to the best in all the fields.

b) Board of Directors

Composition and Category of Directors;

Name	Category	Designation	No. of meetings held during the last financial year	No. of meetings attended	No. of memberships in Boards of other Companies	Attendance of each Director at last AGM
Mr. D.V. Manohar	Promoter and Executive Director	Chairman and Managing Director	6	6	6	Yes
Mr. D.V.Satya Kumar	Promoter and Executive Director	Executive Director	6	6	5	Yes
Mr. D.V. Raja Sekhar	Promoter and Director	Director	6	6	4	Yes
Ms. Satya Pinjala	Promoter and Director	Director	6	1	2	No
Mr. B. K. Bakhshi	Independent and Non-Executive Director	Director	6	2	3	Yes
Mr.D.V.L.N.Murthy	Independent and Non-Executive Director	Director	6	5	-	Yes
Mr.S.Gopala Krishnan	Independent and Non-Executive Director	Director	6	6	1	Yes
Dr. Bharat H.Barai	NRI Director	Director	6	-	1	No
Dr. A. Balasetti	NRI Director	Director	6	-	-	No
Dr. Kamlesh V. Bulchandani	NRI Director	Director	6	-	-	No
Dr. Gorantla Govindaiah	NRI Director	Director	6	-	-	No

There has been no change in the composition of the Board of Directors since last Annual General Meeting.

c) Audit Committee

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's overall responsibilities, an Audit Committee has been constituted consisting of only Independent Directors as sub-committee to the Board. The functions of the Audit Committee include;

- * Reviewing the adequacy of internal control systems and the Internal Audit Reports, and their compliance thereof.
- * Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- * Recommending the appointment of external auditors and fixation of their audit fee, and also approval for payment for any other services.
- * Reviewing with Management the quarterly and annual financial statements before submission to the Board.

Composition and other details

The Audit Committee of the Company of the company consisting of four Independent Directors and one Promoter Director viz.,

- 1) Mr. S. Gopala Krishnan, Chairman
- 2) Mr. D. V. L. N. Murthy, Director
- 3) Mr. D. V. Raja Sekhar, Director
- 4) Mr. B. K. Bakhshi, Director

During the year under review, the Audit Committee met 4 times, Mr. S. Gopala Krishnan, Chairman, Mr. D. V. Rajasekhar and Mr. D. V. L. N. Murthy attended all 3 meetings while, Mr. B. K. Bakshi has not attended any meeting.

The meetings of the Audit Committee were attended by the heads of Finance, and Auditors as invitees. Members held discussions with the Statutory auditors during the meetings of the Committee and the quarterly and annual Audited Financial results of the Company were reviewed by the Audit Committee before consideration and approval by the Board of Directors.

d) Remuneration Committee

The Remuneration committee constituted to evaluate remuneration and benefits for Executive Directors as per Clause 49 of the Listing Agreement. The committee, which has the following members met on 06.12.2004 to review the remuneration of the Managing Director on re-appointment.

- Mr. D. V. L. N. Murthy - Director
 Mr. S. Gopala Krishnan - Director
 Mr. D. V. Raja Sekhar - Director

For non-executive Directors a sitting fee of Rs.1000/- is paid for attending each meeting of the Board.

e) Share Transfer/Investors' Grievance Committee

The share transfer committee meets periodically and approves the share transfers received and places before the Board for ratification.

As a measure of good Corporate Governance and to focus on the shareholders' grievances towards strengthening investor relations, an Investors' Grievance Committee, as a sub-committee to the Board of directors has been constituted.

a) The functions of the committee include;

To specifically look in to the redressal of investors' grievances pertaining to

- 1) Transfer of Shares
- 2) Dividends
- 3) Dematerialization of Shares
- 4) Replacement of lost/stolen/mutilated share certificates
- 5) Non-receipt of rights/bonus/split share certificates
- 6) Other related issues

The committee focuses on the strengthening of investor relations

b) Constitution and Composition.

The Committee was constituted with Mr. D. V. L. N. Murthy, Director, Mr. D. V. Manohar, Chairman and Managing Director and Mr. D. V. Satya Kumar, Director.

Mr. S. V. Subramanian, Vice President (Finance) and Mr. G. Gnana Nidhi, Company Secretary are the co-ordinators for the Board and other committees.

f) Venue and Time of the Last Three Annual General Meetings.

Date	Venue	Time	No. of Special Resolutions	Members present by	
				Person	Proxy
30.09.2002	Hari Hara Kala Bhavan, Near Patny Circle, Secunderabad	10.30 a.m.	1	681	115
19.09.2003	Smt. Juloori Vajramma Kalyana Mandapam, Kakaguda, Secunderabad.	10.30 a.m.	2	493	31
30.12.2004	Hari Hara Kala Bhavan, Near Patny Circle, Secunderabad	10.30 a.m.	2	684	39

The resolutions were passed on show of hands with requisite majority. The venue of the Annual General Meeting of the Company has been chosen for its central location, prominence and capacity.

g) Disclosures

There are no materially significant related party transactions i.e. transactions, material in nature, with its promoters, the directors or the Management, their subsidiaries or relatives etc., having potential conflict with the interests of the company at large.

h) Means of Communication

The Company has a web site viz., www.shrishakti.com. The annual financial reports are posted on the Company's web site for the information of its shareholders. The audited financial results are generally published in the leading English Dailies and as well as in the vernacular (Telugu) News Paper. The audited financial statements, viz., Balance Sheet, Profit and Loss account including schedules and notes thereon press releases, are posted on the Company's web site.

All material information about the Company is promptly sent through mail to the Indian Stock Exchanges where the Company's shares are listed and released through wire services and the Press for information of the public at large.

i) General Shareholders Information

(a) Un-audited Financial results for:	-	First Quarter	July'05
	-	Second Quarter	October'05 / Nov'05
	-	Third Quarter	January'06
	-	Fourth Quarter	June'06

(b) Book closure on 30.12.2005 (1 day only) for the purpose of Annual General Meeting.

i) The shares of the Company are at present listed on:

- 1) The Hyderabad Stock Exchange Limited (Regional Stock Exchange), 3-6-275, Himayatnagar, HYDERABAD – 500 029.
- 2) The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 001.
- 3) The National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra East, MUMBAI-400 051.
- 4) The Delhi Stock Exchange Association Ltd, West Plaza, Indira Gandhi Stadium, Indra Prastha Estate, NEW DELHI – 110 002.
- 5) The Stock Exchange – Ahmedabad, Kamadhenu Complex, Near Polytechnic, Panjara Pole, AHMEDABAD – 380 015.
- 6) Bangalore Stock Exchange Ltd, Stock Exchange Tower, 51, 1st Cross, J. C. Road, BANGALORE - 560 027.

ii) Depository for Equity Shares: NSDL and CDSL.

ISIN for the Company's Equity Shares: **INE 293 E01011**

Place : Hyderabad
Date : 04.12.2005

By Order of the Board

D. V. Manohar
Chairman & Managing Director

AUDITOR'S CERTIFICATE

To The Members of
Shri Shakti LPG Ltd.,
Hyderabad.

We have examined the compliance of conditions of corporate governance by Shri Shakti LPG Limited for the year ended 31.03.2005, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that generally no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
Venugopal & Chenoy
Chartered Accountants

P. V. Sri Hari
Partner

Place: Hyderabad
Date: 04.12.2005.