

SHRI SHAKTI LPG LTD



**13th ANNUAL REPORT
2005 – 2006**

BOARD OF DIRECTORS

Mr.D.V.Manohar	Chairman & Managing Director
Mr.D.V.Satya Kumar	Director
Mr.D.V.Raja Sekhar	Director
Mr.D.V.L.N.Murthy	Director
Mr.S. Gopala Krishnan	Director
Mr.R. Prabhakar Rao	Addl. Director
Mr.B.K. Sinha	Addl. Director
Dr.A.Balasetty	Director
Dr.Bharat H.Barai	Director
Dr.Gorantla Govindaiah	Director
Mr.B.Ķ. Bakhshi	Director

AUDITORS

M/s. Venugopal & Chency
Chartered Accountants
Hyderabad.

**VICE-PRESIDENT (FINANCE)
& COMPANY SECRETARY**

Mr. T. Anil Kumar

BANKERS

ICICI Bank

**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 : 91-040-27902929
Fax : 91-040-27908989

PLANTS

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

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD ON THURSDAY 14th DECEMBER, 2006 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, 2006.
2. 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.
3. 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.
4. 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

5. To consider and if thought fit to pass the following resolution with or without modifications as Ordinary Resolution.
"Resolved that Mr. B. K. Sinha, who was appointed as an Additional Director at the Meeting of the Board of Directors of the company held on 10.01.2006 and who holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing U/s 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director, whose term of office shall be liable for determination by retirement of Directors by rotation as provided under Article 105 of Memorandum and Articles of Association of the Company"
6. To consider and if thought fit to pass the following resolution with or without modifications as Ordinary Resolution.
"Resolved that Mr. R. Prabhakar Rao, who was appointed as an Additional Director at the Meeting of the Board of Directors of the company held on 10.01.2006 and, who holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing U/s 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director whose term of office shall be liable for determination by retirement of Directors by rotation as provided under Article 105 of Memorandum and Articles of Association of the Company in place of one of the retiring Directors".
7. To consider and if thought fit to pass the following resolution with or without modifications as Ordinary Resolution.

"RESOLVED that pursuant to Section 293(1) (a) and other applicable provisions of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorized to Mortgage, deal, negotiate, lease and dispose off in whole or part(s) one or more part of the assets including land of the Company, situated at Bibinagar, Nalgonda District, as it may deem fit and proper in its sole discretion, any sale thereof to be carried out as sale of assets only as a going concern, to one or more purchasers at a price which shall be deemed appropriate by the Board of Directors, subject to satisfaction of subsisting charges, if any, on such Assets in favor of one or more financial institutions/banks, and for the said purpose the Board of Directors acting under one or more directors duly authorized in this regard, may sign, seal and deliver such instruments, assignments, contracts, deeds, conveyances or other instruments and so all such acts, deeds and things that may be considered necessary, usual and proper, for the mortgage lease or sale or disposing of whole or in part(s) one are part of the assets which according to the Directors may be considered beneficial for the Company".

8. To consider and if thought fit to pass the following resolution with or without modification (s) as Ordinary Resolution
"Resolved that pursuant to the provision of Section 293 (1) (a) and other applicable provisions if any of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to Mortgage and / or extend second charge on Forty acres of land of the company situated at the Kakinada plant along with buildings and plant & machinery thereon and Five acres of land at the Bibinagar plant along with buildings and plant & machinery thereon subject to existing charges if any, in favour of the following namely M/s. Chintalapati Holdings Pvt. Ltd., and M/s. Venturetech Solutions Pvt. Ltd., in connection with the issue of 15% Non Convertible Debentures (NCDs) to the tune of Rs.7,00,00,000/- (Rupees Seven Crores) only comprising of 7,00,000 (seven Lakhs) Debentures of Rs.100/- each, issued under private placement".
"Further Resolved that the mortgage / second charge created / to be created and / or agreements / documents executed / be executed and all acts done in the terms of above resolution by and with the authority of the Board of Directors are here by confirmed and ratified".

By Order of the Board
For SHRI SHAKTI LPG LTD.

Place: Hyderabad
Date : 16.11.2006

D. V. Manohar
Chairman & Managing Director

NOTES:

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 for one day on 14th December, 2006 for the purpose of Annual General Meeting.
5. Members are requested to bring their copy of Annual Report to the Meeting, as the Company is unable to provide another copy in view of the increased cost of paper and printing.
6. The shares of the Company are listed on the Stock Exchanges, namely, National Stock Exchange of India Ltd., Bombay Stock Exchange, Hyderabad Stock Exchange, Ahmedabad Stock Exchange, Bangalore Stock Exchange, Delhi Stock Exchange.
7. Explanatory Statement pursuant to Sec. 173 (2) of the Companies Act, 1956 is annexed hereto.

Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Special Business set out in the Notice convening the Annual General Meeting on 14th December, 2006.

ITEM NO. 5

As part compliance of revised Clause 49 of the Listing Agreement, Mr. B. K. Sinha was appointed as an Additional Director at the meeting of the Board of Directors held on 10.01.2006.

Mr. B. K. Sinha is the former Deputy Joint Managing Director of Indian Airlines and has vast experience in the corporate sector. The Board is of the opinion that with his rich experience, the company will immensely benefit and recommend the resolution to the Members for their approval. A notice was received from a Member proposing his candidature for office of Director.

Number of the Directors on the Board including the proposed Director will be 11 against 12 permitted under Articles of Association of the Company.

No Director other than Mr. B. K. Sinha is interested in this Resolution.

ITEM NO. 6

As part compliance of revised Clause 49 of the Listing Agreement, Mr. R. Prabhakar Rao was appointed as an Additional Director at the meeting of the board of Directors held on 10.01.2006.

Mr. R. Prabhakar Rao is the former Director of State Bank of India and former Director General of Police (Andhra Pradesh) with impeccable credentials. The Board is of the opinion that with his rich experience, the company will immensely benefit and recommend the resolution to the Members for their approval. A notice was received from a Member proposing his candidature for office of Director.

Number of the Directors on the Board including the proposed Director will be 11 against 12 permitted under Articles of Association of the Company.

No Director other than Mr. R. Prabhakar Rao is interested in this Resolution.

ITEM NO. 7

The Members are aware that the Directors have been vigorously working on various options to meet the One Time Settlement (OTS) commitments to IFCI, SBH and PNB. While PNB and SBH have been fully paid off, IFCI has to be paid now. The Members are also aware that at present the company's infrastructure facilities are under utilised to a large extent. In order to meet OTS commitments and to effectively make use of the existing assets and other under-utilized infrastructure facilities and also to turn around the company, the Board of Directors would need to be empowered to consider mortgage, lease or sale or disposal of the assets including land at Bibinagar, Nalgonda district, which it may consider appropriate to do so. Section 293 (1) (a) of the Companies Act, 1956 stipulates that

the consent of the shareholders would be required for mortgage, lease, sale or disposal of the whole or substantially the whole of the undertaking of the company. Even though, lease or sale of assets as is being contemplated under the resolution would not amount to lease or sale of whole or substantially the whole of the undertaking of the company, nevertheless as a good corporate governance, the approval of the shareholders is sought by way of ordinary resolution for enabling the Board of Directors to go ahead with the different options as and when necessary.

Your directors recommend the resolution for approval by the members.

No Director of the Company is interested or concerned in this resolution.

ITEM NO. 8

Your Company proposes to issue 15% Non-Convertible Debentures (NCDs) to M/s. Chintalapati Holdings Pvt. Ltd and M/s. Venturetech Solutions Pvt. Ltd., on private placement basis against the money which has already been received and utilized for the payment of some part of OTS to Financial Institutions and Banks. The Debentures proposed to be issued are to be secured by way of mortgage and / or second charge on some assets of the company mentioned in the resolution.

Vide Resolution dated 20-12-1994 passed by the members in the Annual General Meeting u/s.293(1) (d) of the Companies Act, 1956, the Board has powers to borrow upto Rs.100 Crores (Rupees one hundred crores only). The present borrowings, together with the existing borrowings are within the above borrowing powers.

Section 293(1) (a) of the Companies Act, 1956, provides inter alia, that the Board of Directors of a Public Company shall not without consent of the members of the Company in General Meeting sell, lease or otherwise dispose off whole or substantially the whole of the undertaking of the Company. Since mortgaging by the Company of its immovable and movable properties as aforesaid may be regarded as sale of Company's properties it is necessary for the members to pass the Resolution under Section 293(1)(a) of the Companies Act, 1956, for creation of said mortgages / charges. Hence, this Resolution is proposed.

No Director of the Company is interested or concerned in this Resolution.

By Order of the Board
For **SHRI SHAKTI LPG LTD.**

D. V. Manohar
Chairman & Managing Director

Place: Hyderabad
Date : 16.11.2006

DIRECTORS' REPORT

To
The Shareholders
Shri Shakti LPG Ltd.

1. INTRODUCTION

Your Directors present herewith the THIRTEENTH Annual Report to you.

2. FINANCIAL PERFORMANCE

The Financial Performance of the Company for the year 2005-2006 is indicated below:

	(Rupees 000 omitted)	
Particulars	2005-06	2004-05
Gross Income	27407	880441
Less: Expenditure excluding Interest, Depreciation & prior period and Extraordinary items	33792	91413
Profit/(Loss) before Interest, Depreciation & Prior-period and Extraordinary items	(6385)	789028
Interest	7721	85916
Profit/Loss before Depreciation	(14106)	703112
Depreciation	37386	50065
Profit/(Loss) before Prior-period and Extraordinary items	(51492)	653047
Prior Period and Extraordinary items	1099	603
Net Profit (Loss) before provision for MAT	(52591)	652444
Provision for MAT	0	6000
Add : Excess provision towards Income Tax reversed.	6000	
Net Profit/(Loss)	(46591)	646444

During the year, the company incurred cash loss of Rs. 8106 thousands, (previous year profit of Rs.703112 thousands). After providing for depreciation amounting to Rs.37386 thousands, (previous year Rs.50065 thousands), prior period/extraordinary items Rs.1099 thousands (previous year Rs.603 thousands) and MAT of Rs.Nil (previous year Rs.6000 thousands) the total Loss for the year stood at Rs.46591 thousands (previous year Profit Rs.646444 thousands).

The Directors are happy to inform you that the Company has made the necessary arrangements for paying off the balance amount due to IFCI towards the One Time Settlement (OTS) dues. As already informed to the esteemed members in the earlier Director's Report, your Company first succeeded in securing highly reasonable OTS packages from its three lenders viz., IFCI, SBH and PNB. Thereafter your Company first paid off in full PNB followed by SBH and secured both No Due Certificates as well as confirmations regarding relinquishing of charge held by them on the assets of the Company. The major lender IFCI to whom the Company has made part payments from time to time has been kind enough to grant further time extensions, while making it abundantly clear that if the balance OTS dues are not paid without any further delay they would call off the OTS package. Further there were some statutory dues which are required to be paid at the earliest.

Therefore, your Company has been virtually moving heaven and earth to raise the required funds for the above purposes. On one hand your Company has been in a dialogue with various Venture Capital Companies and Private Equity Funds and on the other hand your Company has been trying to dispose off some of the surplus assets such as land to meet the above requirements. We are happy to inform you that after herculean efforts, your Company has recently concluded an agreement of sale with M/s NCC Urban Infrastructure Ltd for the sale of the surplus land at Kakinada. The Company is now aiming at paying off the balance OTS dues to IFCI, thereafter. Thereafter your company would be in a much better position to fully turn around the company, with the track record of fully settling the term loan and working capital liabilities to the tune of over Rs 100 crores. 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 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/sale of surplus land 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.

The Directors are happy to inform you that the first two parts viz., a & b of the above strategy are already successfully achieved wherein your Company has first secured highly reasonable OTS packages and thereafter succeeded in raising the necessary finances for paying off the above OTS packages. Your Company would now be focussing on the third part of the strategy to regain its earlier pre-eminent market share.

As mentioned in the earlier Directors' 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 honour 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 has 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 last 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. It is expected that your Company would do well in the above non-subsidised markets.

3. DEPLOYMENT OF FUNDS

(Rs.000 Omitted.)

Sources of Funds	31.03.2006	31.03.2005
Share Capital and Reserves	773983	517462
Share Application Money	70000	-
Secured Loans	117721	194779
Unsecured Loans and Trade Deposits	134291	136381
TOTAL	1095995	848622
Application of Funds		
Net Fixed Assets, Capital Work-in-Progress	720180	501045
Investments	10250	16450
Net Current Assets	38104	49055
Misc. Expenditure to the extent not written off	29100	30300
Profit and Loss A/c.	298361	251771
TOTAL	1095995	848622

Keeping in view the changing scenario, the land held by the Company has been revalued and the consequential appreciation in value is shown under capital reserve.

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 31.03.2006.

6. DEPOSITS

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

7. DIRECTORS

In terms of Articles of Association of the Company, Dr. Bharat H. Barai and Dr. Gorantla Govindaiah, retire as Directors at this Annual General Meeting and being eligible offer themselves for re-appointment. Your directors recommend their reappointment.

During the year, Mr. B. K. Sinha and Mr. R. Prabhakar Rao were appointed as additional Directors. Your Directors recommend their appointment as Directors liable to retire 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 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 as amended from time to time.

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 2006, 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 2006 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 during 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: 23.10.2006

D.V.Manohar
Chairman & Managing Director

ANNEXURE – I

A REPORT ON CORPORATE GOVERNANCE

a) Company's Philosophy

Corporate Governance assume 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 of operations.

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	4	4	5	Yes
Mr. D. V. Satya Kumar	Promoter and Director	Director	4	4	4	Yes
Mr. D. V. Raja Sekhar	Promoter and Director	Director	4	4	4	Yes
Mrs. Satya Pinjala	Resigned and ceased to be Director w.e.f. 30.12.2005 Promoter and Director	Director	4	Nil	3	No
Mr. B. K. Bakhshi	Independent and Non-Executive Director	Director	4	Nil	3	Yes
Mr.D.V.L.N.Murthy	Independent and Non-Executive Director	Director	4	4	-	Yes
Mr. S. Gopala Krishnan	Independent and Non-Executive Director	Director	4	3	1	Yes
Dr.Bharat H.Barai	NRI Director	Director	4	Nil	2	No
Dr. A. Balasetty	NRI Director	Director	4	Nil	1	No
Dr.Kamlesh V.Bulchandani	Ceased to be Director w.e.f. 30.12.2005 NRI Director	Director	4	Nil	-	No
Dr. Gorantla Govindaiah	NRI Director	Director	4	Nil	-	No
Mr. B.K. Sinha	Appointed as Addl. Director w. e. f. 10.01.2006 Independent and Non-Executive Director	Addl. Director	4	1	1	N. A.
Mr. R. Prabhakar Rao	Appointed as Addl. Director w. e. f. 10.01.2006 Independent and Non-Executive Director	Addl. Director	4	1	-	N. A.

There has been change in the composition of the Board of directors since last Annual General Meeting by including more Independent Directors.

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 predominantly 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 consists 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. D. V. Raja Sekhar and Mr. D. V. L. N. Murthy attended 4 meetings while Mr. S. Gopala Krishnan attended 3 meetings and Mr. B. K. Bakshi could not attend 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) Share Transfer/Investors' Grievance Committee

The share transfer committee meets periodically and approves the share transfers received and thereafter 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.

i) 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-recognition of rights/bonus/split share certificates
- 6) Other related issues

The committee focuses on the strengthening of investor relations

ii) 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. P. Seshachalam, Chief Manager Accounts and Mr. A. Krishna Kumar, Practising Company Secretary are the co-ordinators for the Board and other committees.

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

Date	Venue	Time	No. of Special Resolutions	Members present by	
				Person	Proxy
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
30.12.2005	Hari Hara Kala Bhavan, Near Patny Circle, Secunderabad	10.30 a.m.	3	411	5

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.

f) **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.

g) **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 and 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.

h) **Management Discussion & Analysis is covered under Directors Report.**i) **General Shareholders Information**

(a) Un-audited Quarterly Financial results were approved as follows :

- First Quarter July, '05
- Second Quarter October, '05
- Third Quarter January'06
- Fourth Quarter June'06

(b) Book closure on 14.12.2006 (One 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, Himayat Nagar, 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

The shares of the company are under temporary suspension on NSE & BSE mainly, because of non-payment of Annual Listing Fees. The company since paid all its dues including fee for the year 2006–2007 and complied with other requirements of NSE and BSE. Therefore, the above suspension is expected to be lifted shortly.

By Order of the Board
For SHRI SHAKTI LPG LTD.

Place: Hyderabad
Date : 23.10.2006

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 31.03.2006, 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

Place: Hyderabad
Date: 23.10.2006

P.V.Sri Hari
Partner
M.No. 21961