



Confidence Petroleum India Ltd

We Care For Nature

Result Update Q2FY18



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Key Agenda

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Key Highlights – Q2 & H1FY18

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Company Overview

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Business Segments & Outlook

Key Highlights – Q2 & H1FY18



Key Business Updates – H1FY18



New orders awarded worth Rs 3,619 mn

BPCL, HPCL and IOCL have awarded combined orders for supply of ~30 lakh LPG cylinders worth Rs 3,619 mn, with an option of order for an equivalent quantity next year



Launched Composite LPG Gas Cylinders

Through our Associate company, Confidence Futuristic Energetech Ltd (formerly, Globe Industrial Resources Ltd); these are light weight cylinders available in sizes – 2, 5, 10 and 22 kg.



New Cylinder manufacturing plant

Commissioned three new units – two units at Saoner, Maharashtra with a capacity of 432,000 units p.a. each and one unit at Dhanbad, Jharkhand with a capacity of 500,000 units p.a.



New LPG Bottling plant commissioned

Commissioned a new plant at Uluberia, near Kolkata to provide bottling assistance to HPCL against the tender of 24,000 MTPA for 5 years

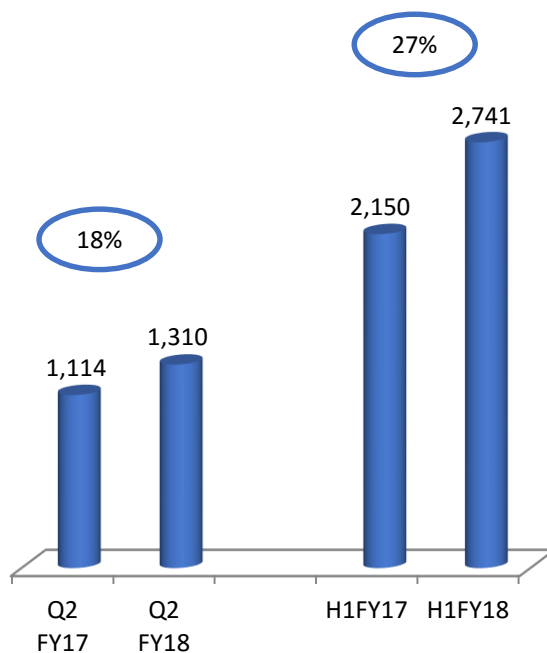


New Auto LPG Dispensing Stations (ALDS) commissioned

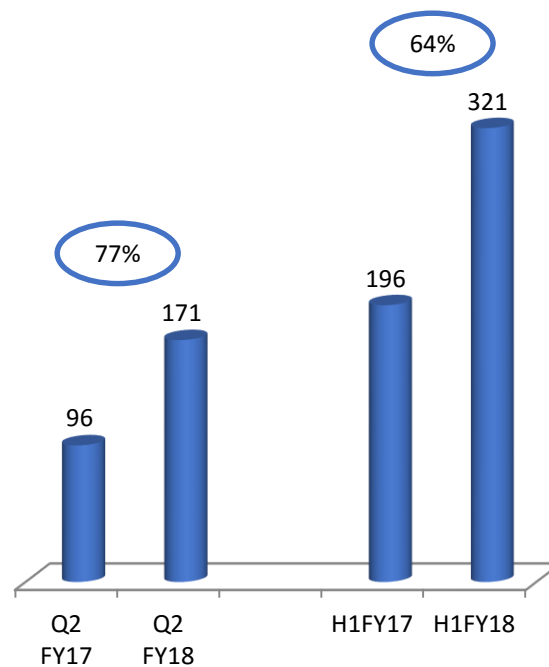
Commissioned 2 new ALDS at Hyderabad and Chennai, taking the total to 112 ALDS, across the country

Key Financials – Q2 & H1FY18

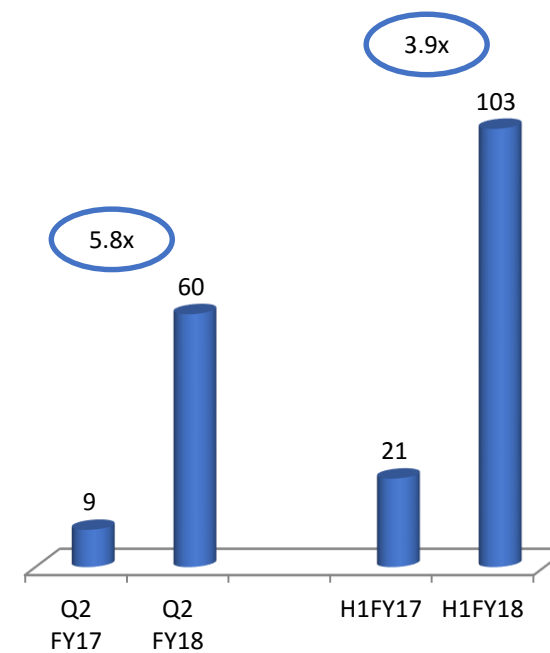
Revenue (Rs. mn)



EBITDA (Rs. mn)



PAT (Rs. mn)



Profitability Highlights – Q2 & H1FY18

Consolidated (Rs mn)	Q2FY18	Q2FY17	y-o-y %	H1FY18	H1FY17	y-o-y %	FY17	FY16
Total Income	1,310	1,114	17.6	2,741	2,150	27.5	4,969	3,547
Raw Material	905	874	3.5	1,954	1,691	15.5	3,597	2,529
Employee Expenses	47	61	-22.7	93	102	-8.8	192	125
Other Operating Expenses	187	82	126.5	373	162	130.9	768	546
EBITDA	171	96	77.3	321	196	64.1	412	346
<i>EBITDA Margin (%)</i>	<i>13.0</i>	<i>8.7</i>	<i>-</i>	<i>11.7</i>	<i>9.1</i>	<i>-</i>	<i>8.3</i>	<i>9.8</i>
Depreciation	61	59	3.6	122	117	4.8	242	232
Other Income	5	4	35.1	10	7	37.2	18	15
Interest	30	29	1.5	61	57	7.1	120	110
Profit Before Tax	85	12	614.5	147	29	411.8	69	19
Tax	25	3	716.1	44	8	466.7	21	8
Profit After Tax	60	9	578.4	103	21	391.6	48	11
<i>PAT Margin (%)</i>	<i>4.6</i>	<i>0.8</i>	<i>-</i>	<i>3.8</i>	<i>1.0</i>	<i>-</i>	<i>1.0</i>	<i>0.3</i>
Share of profit/loss in associates	-0	-0	55.1	-0	-0	23.3	-2	2
Minority interest	0	0	-0.8	0	0	-45.3	0	0
PAT after associates/minority	60	9	577.2	103	21	393.6	46	12

Balance Sheet Highlights – H1FY18 & FY17

Consolidated (Rs mn)	Sep'17	Mar'17
Shareholder's Funds	1,921	1,818
Share capital	259	259
Reserves & Surplus	1,662	1,559
Minority interest	170	170
Non-current liabilities	1,262	1,256
Long term borrowings	642	672
Other long-term liabilities	519	488
Deferred tax liability	101	96
Current liabilities	805	828
Short Term Borrowings	482	452
Trade Payables	257	288
Other Current liabilities	33	53
Short-term provisions	33	36
Total Liabilities	4,158	4,072

Consolidated (Rs mn)	Sep'17	Mar'17
Non-current assets	2,620	2,601
Fixed assets	2,281	2,277
Investments	100	98
Long term loans & advances	230	217
Other non-current assets	9	8
Current Assets	1,538	1,472
Inventories	543	541
Trade receivables	633	614
Cash & cash equivalents	113	99
Short term loans & advances	238	208
Other current assets	11	10
Total Assets	4,158	4,072

Net debt to equity
0.53x

Fixed asset coverage
1.74x

Working capital
~48 days

Company at a Glance



Largest Private Sector LPG player

Largest **Cylinder Manufacturer** in Asia with an installed capacity of ~50 lakh units

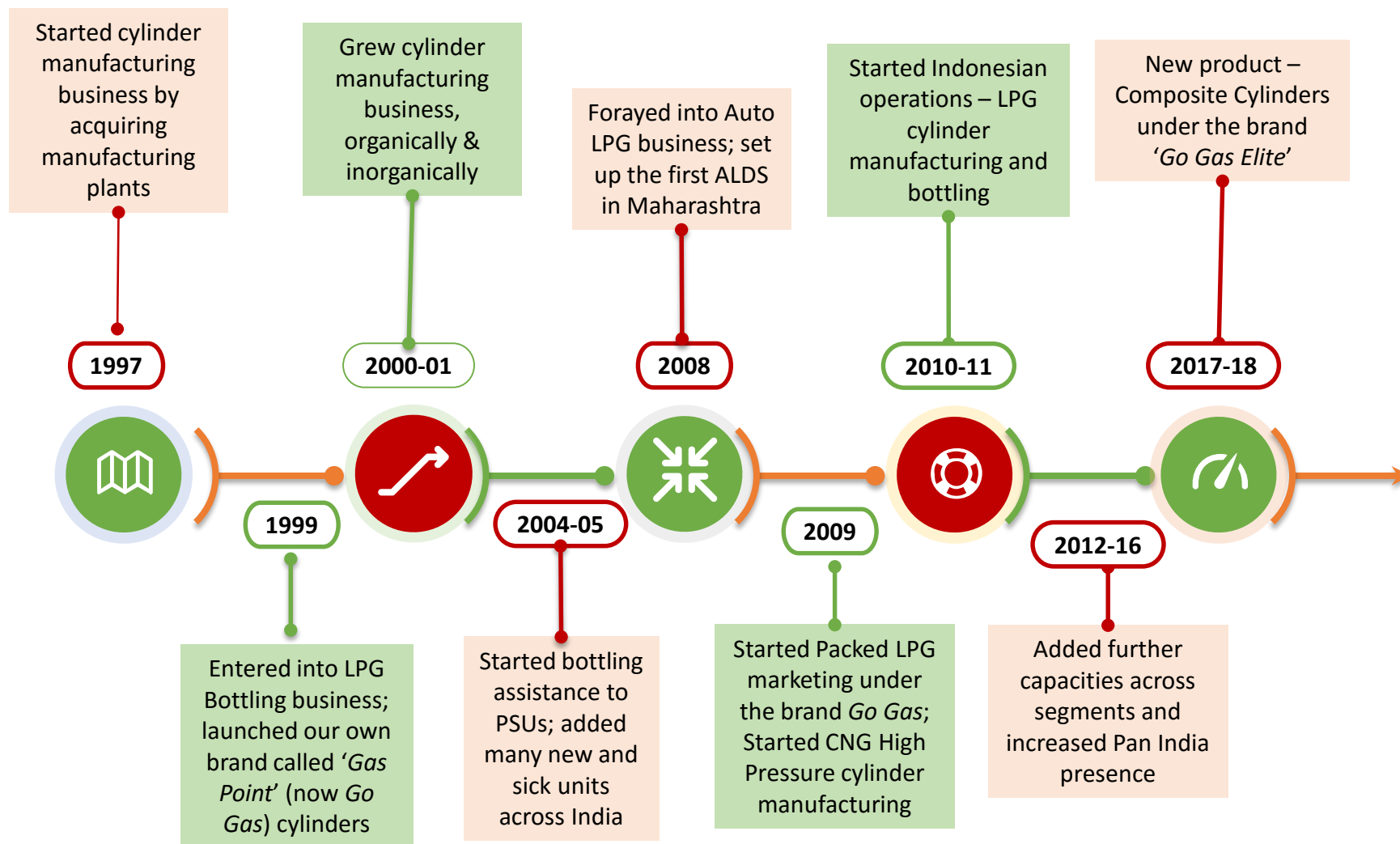
Largest **LPG Bottling Assistance Provider**, to Oil Majors in India,
with end-to-end solutions in LPG

Presence across the Value Chain - from vendor to owner (Go Gas – owned brand)

Pan India presence with a total of 15 cylinder manufacturing units, 58 bottling
plants, 4 LPG blending plants and 112 ALDS stations

Leading player in **Auto LPG** with presence in **High Consumption States** like
Karnataka, Andhra Pradesh, Tamil Nadu, Maharashtra among others

Key Milestones in Our Journey



Strong Management Team



Nitin Khara – Chairman & Managing Director

Commerce Graduate and an industrialist with vast experience of 30+ years in the field of LPG and CNG Cylinder Manufacturing, LPG Bottling, Blending, and Marketing.



Elesh Khara - Director

Commerce Graduate with 25+ years of experience in the field of LPG Cylinder Manufacturing. Has led business expansion by setting up new cylinder manufacturing units at various locations.



Yatin Khara – President Manufacturing

Post Graduate in Commerce and associated with the Group for 20+ years. Has been a key in successful completion of turnkey projects allotted by Oil Companies.



Vimal Parwal – President Commercial

Qualified ICWA with almost 27 years of experience in the field of LPG Manufacturing and Marketing. With the Group for 16+ years and has contributed significantly in achieving Company's milestones.



Jitendra Jain – Chief Financial Officer

Chartered Accountant with an experience of ~20 years. Responsible for the maintaining the financials and optimising the costs effectively in order to maintain profitability across all the divisions.

Pan India Presence Alongside Demand Centres

Strategically located alongside demand centers to ease transportation costs



15

Cylinder Manufacturing Units
Capacity: ~50 lakh units

4

Blending Plants
Capacity: 30,000 MTPA



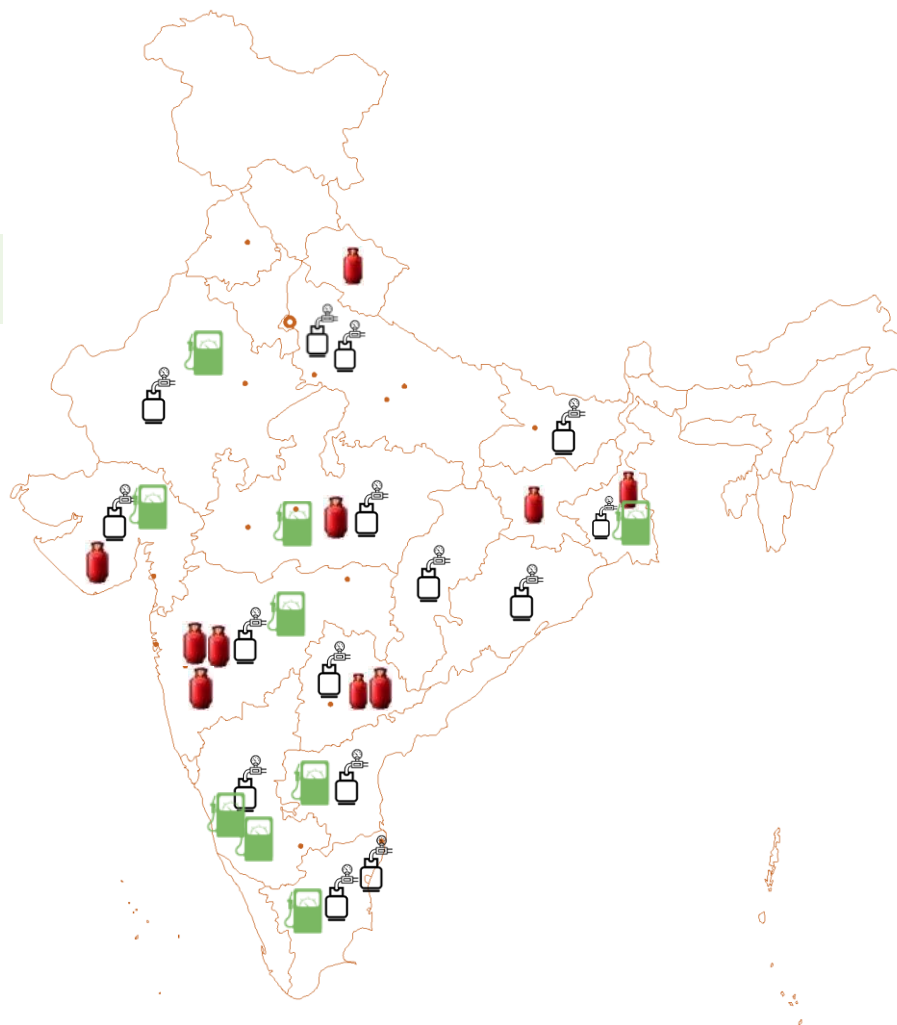
58

LPG Bottling Plants



112

Auto LPG Dispensing Stations



Presence Across the Value Chain

Evolved from Cylinder/LPG Manufacturer to an Integrated Player Across the Value Chain

Cylinder Manufacturing



Cylinder Manufacturing
(LPG and High Pressure)



Cylinder Testing
and Repairs

Packed LPG – Go Gas



LPG Blending



Bottling &
Bottling Assistance



LPG Logistics &
Transportation



Packed Cylinder Marketing
(domestic & commercial)

Auto LPG



Auto LPG Dispensing Stations
(ALDS)

Business Segments



1. Cylinder Manufacturing – Segment Overview

~25 years of experience in cylinder manufacturing

~50 lakh units p.a. of total manufacturing capacity

15 plants for manufacturing, across 7 states in India

LPG & High Pressure cylinders for PSU OMCs – IOCL, HPCL, BPCL and private oil companies

4kg to 47kg of sizes available, as per domestic, commercial, industrial and automobile usage

‘Testing & Repair’ services on statutory and periodic basis, for used cylinders

Manufacturing facilities, across 7 states in India

State	No. of units (#)	Capacity (#)
Maharashtra	7	22,79,695
Telangana	3	10,85,022
Madhya Pradesh	1	3,00,000
West Bengal	1	3,00,000
Jharkhand	1	5,00,000
Gujarat	1	2,94,912
Uttarakhand	1	1,38,033
Total	15	48,97,662

Gross Revenue (H1FY18)
Rs 1,097 mn

Revenue Growth (H1FY18)
19% y-o-y

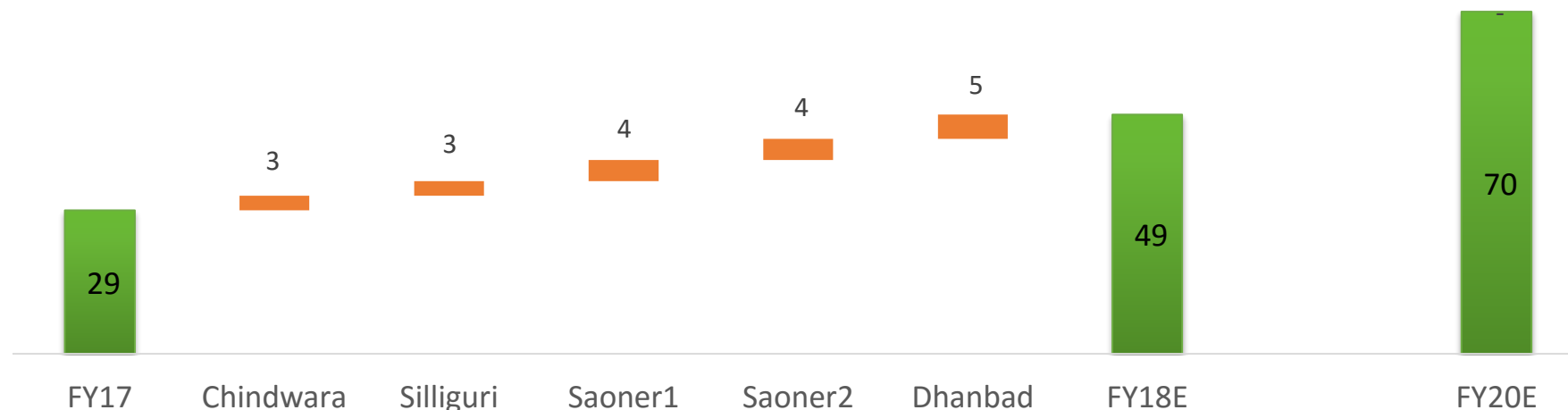
Revenue Mix (H1FY18)
~40%



Planned Capacity Expansion, In-line With Demand...

- We consistently look out for expansion opportunities via both organic and inorganic means
- Entered the states of West Bengal, Jharkhand and Madhya Pradesh this year; expanded our presence in Maharashtra, taking the total manufacturing capacity to ~50 lakh units p.a.
- Plan to increase total capacity to ~70 lakh units p.a., by FY20E, citing continuous growth in demand from new connections + replacement demand

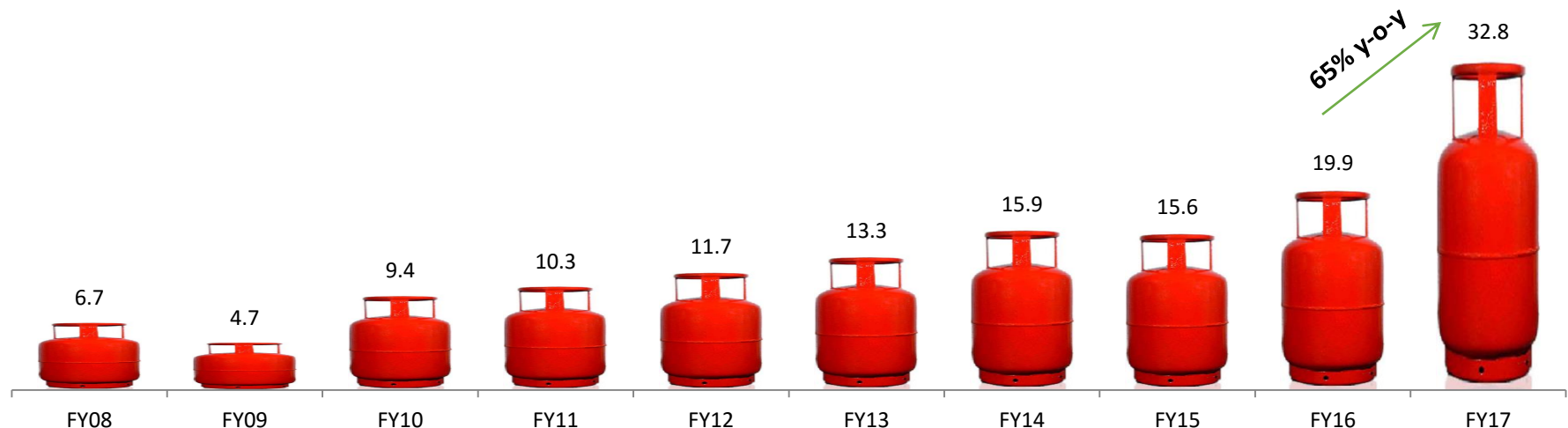
Capacity expansion, to cater the growing demand – Total capacity (lakh units)



...New Connections, led by the Pradhan Mantri Ujjwala Yojna...

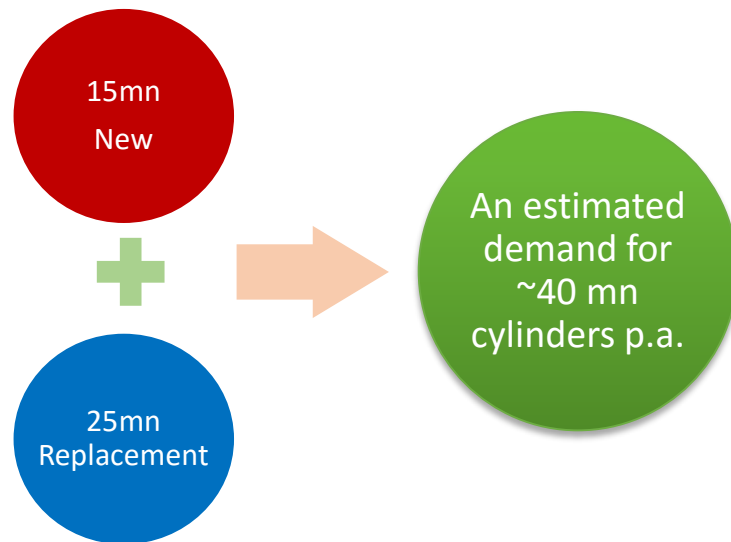
- Pradhan Mantri Ujjwala Yojna (PMUY) was launched on 1st May'16, to provide a total of 50 mn LPG connections to BPL families, over 3 years, that is, by May 2019
- Of which, ~25 mn connections have been provided as of Jun'17, as against the target of 15 mn connections
- With the balance 25 mn connections to be added by May'19, along with the regular growth in new connections, the overall cylinder demand is expected to remain high

PMUY has led to the highest ever enrolments in FY17 (domestic LPG connections - in mn)



...And Replacement Cycle of the Existing Cylinders

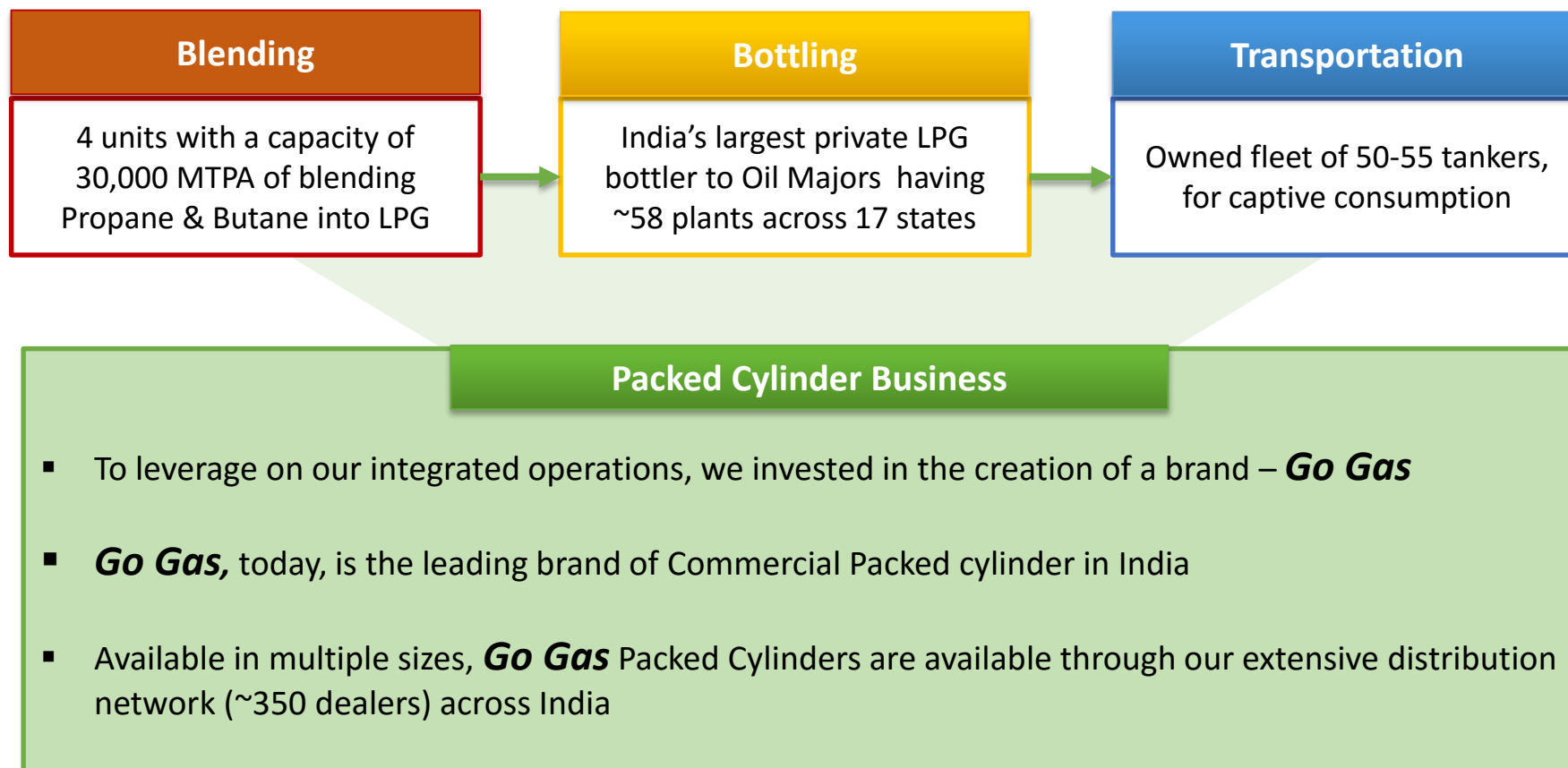
- The total domestic LPG connections in India currently stand at ~243 mn, as of Jun'17
- Of which, ~111 mn are double bottle connections and the balance ~132 mn are single connections, translating into an approximate stock of 450 mn cylinders (including dealer inventory of ~150 mn)
- With an average life cycle of 10 years, the existing aged stock of cylinders offer ample demand from replacement over the next few years



PMUY + routine growth could need close to 15 mn cylinders p.a.

Replacement demand from the existing plus new stock to require about 25 mn cylinders p.a.

2. Packed LPG '*Go Gas*' – Segment Overview



Brand 'Go Gas', Gaining Strength

Bottling facilities across 17 states across India

State	No. of units
Maharashtra	13
Madhya Pradesh	7
West Bengal	6
Rajasthan	5
Andhra Pradesh	3
Karnataka	2
Tamil Nadu	4
Chattisgarh	3
Orissa	3
Telangana	1
Gujarat	2
Uttar Pradesh	2
Uttarakhand	2
Indonesia	2
Bihar	1
Puducherry	1
Punjab	1
Total	58



Readying To Foray into The Huge Domestic Market...

De-subsidizing of gas prices to create large demand

- The de-subsidizing of LPG cylinder prices (to be fully completed by Mar'18) will provide a level playing field for private players in the huge domestic market (~243 mn household connections), which is currently dominated by PSU OMCs alone
- In anticipation of this, we have been steadily increasing our bottling and distribution capabilities, in order to strengthen our **Go Gas** brand and tap the upcoming opportunity
- Our end-to-end infrastructure across the value chain provides us with an advantageous edge

New Product Launch – Composite Cylinders

- Launched our new product range of Composite LPG Cylinders under the brand “**Go Gas Elite**” on 2nd Nov'17 through an associate company, Confidence Futuristic Energetech Ltd.
- Initially launched in 5 states namely Maharashtra, West Bengal, Rajasthan, Andhra Pradesh and Karnataka through exclusive dealer network of 5 dealers in each state.

Go Gas Elite- Composite Cylinder Launch

Confidence Group launches composite gas cylinders

■ Business Bureau

CITY-BASED Confidence Group on Thursday launched Go Gas Elite Composite gas cylinders at a glittering ceremony held here in the city. Nitin Khara, Chairman, of the Group, Ilesh Khara, Director, and Vimal Parwal, President launched the innovative product which is expected to revolutionise consumption of LPG in the country.

Confidence Group also launched a new company - Confidence Futuristic Energetic Limited, for making composite LPG gas cylinders. The cylinders will be available in attractive designs weighing in convenient sizes of 2, 5, 10 and 22 kg.

Shedding light on the new venture, Nitin Khara said, the new composite gas cylinder will provide safety, ease of handling and transparency to the LPG consumers. "Introduction of composite gas cylinders in Indian market is a revolutionary step which is bound to transform



Nitin Khara, Chairman of Confidence Group and others at the launching ceremony on Thursday.

Indian kitchens. Population of our country is around 125 crore and around 75 crore people are LPG consumers. However more than 70 crore people do not know what is the weight of LPG gas cylinder supplied to them at home. They are also unaware about how much gas they should

be getting. However, the new cylinders are different from the conventional iron body cylinders being used for over 65 years," he said. Firstly, the composite gas cylinders are extremely light weight. They can be easily picked up even by women and children. Secondly, these cylinders have

transparent body due to which the amount of gas inside the cylinders is visible. This ensures that right quantity of gas is supplied and the amount of gas available in the cylinder at all times can be easily checked. Hence from now onwards there is no more worry of less gas being supplied or even

of gas theft. Thirdly, the speciality is that these cylinders are "blast proof" so there is no danger of loss of life and property thus making them extremely safe to use.

Handling a 30 kg cylinder is difficult for any man or woman, as per Medical Science it is not advisable to pick more than 23 kg weight as it may damage the spine. 2 and 5 kg composite gas cylinders will be extremely convenient for use in hostels, hospitals, and can be carried to a picnic or outdoor parties.

"These cylinders will be made available to consumers immediately without any formalities and we will ensure immediate refills as well," Nitin Khara said.

Vimal Parwal while speaking on the occasion said, 70 crore people use LPG and all these people are expected to switch to using composite cylinders within the next few years seeing the advantages offered by them.

Highlighting the features, the Khara claimed that the new cylinders would dominate the Indian

markets. These cylinders are extremely popular in America, Japan, Australia and many European countries and have been in use for many years now. The group is planning to enter all the major cities in India within the next three months.

Bajesh Nair, General Manager (Marketing) while speaking on the occasion said every person who is concerned about the safety and security of his family will definitely start using these new light weight cylinders.

Confidence Group is the biggest private LPG cylinder manufacturer and LPG bottler in Asia. It runs more than 110 Auto LPG stations in India, 58 Bottling plant, 15 cylinder manufacturing units in India. The new cylinder was launched in the presence of director of the group Sarvesh Khara, Jitendra Jain, Satish Chandra, A P Murty, Nirali Sangavi, Distributor of Nagpur Mahesh Soni, staff of the company and other distinguish guests.

BUSINESS CORRESPONDENT
NAGPUR, NOV 1.

Confidence Group, the leading LPG cylinder manufacturers launched world class composite gas cylinders on November 2.

The cylinders are manufactured using world class European technology.

They are attractive in design and would be made available in 2kg, 5kg, 10 kg and 22 kg weight. The cylinders have added security features and are light weight and blast proof unlike iron cylinders.

The product has been launched for the first time in India. The new breed of cylinders was launched in a glittering function held at a city hotel. Chairman of Confidence Group Nitin Khara, director Ilesh Khara, president of Confidence Group, Vimal Parwal and a large number of industry fraternity attended the programme.

The composite gas cylinder

Lokmat Times

Confidence Group launches composite gas cylinders



Chairman of Confidence Group Nitin Khara, director Ilesh Khara and other dignitaries during launch of composite cylinders on Thursday.

● The new breed of cylinders was launched in a glittering function held at a city hotel. Chairman of Confidence Group Nitin Khara, director Ilesh Khara, president of Confidence Group, Vimal Parwal and a large number of industry fraternity was present.

facturing units. The company would launch 50 more auto LPG stations soon, Nitin Khara informed.

The company has reached out to a large number of people in 22 states through its brand Go Gas with the help of network of 800 dealers. The Confidence Futuristic Energy Limited, a subsidiary of Confidence Group has also forayed into manufacture of LPG gas cylinders.



ders would be launched in all the major cities of India, in the next three months. The new composite cylinders being light-weight would relieve the housewives of the trouble in lifting and moving them around in the kitchen.

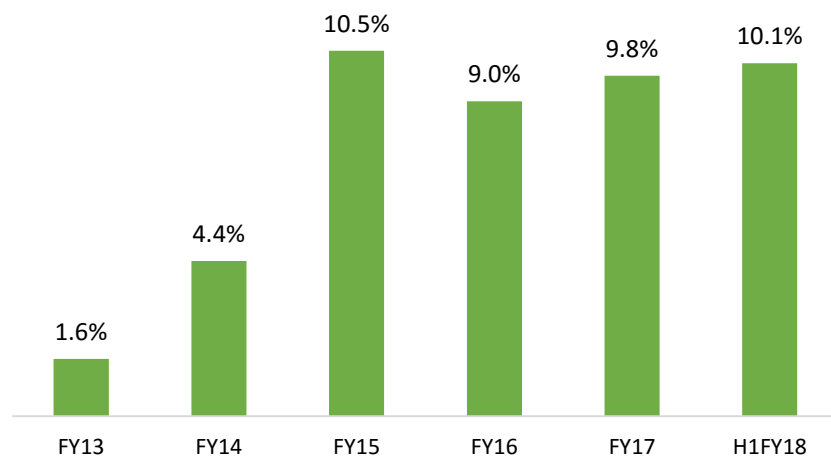
Nitin Khara on this occasion said with the launch of composite cylinder, the dream he saw 25 years back is now fulfilled.

I stood in a queue for 50 long hours while getting education in Akola. At that time I decided to jump into this business, he further said adding the first plant of the Group was launched at Kalmeshwar. Following this, many projects were started in various states. The group has 110 auto LPG stations brand named as Go Gas, 58 bottling plants, 15 cylinder manu-

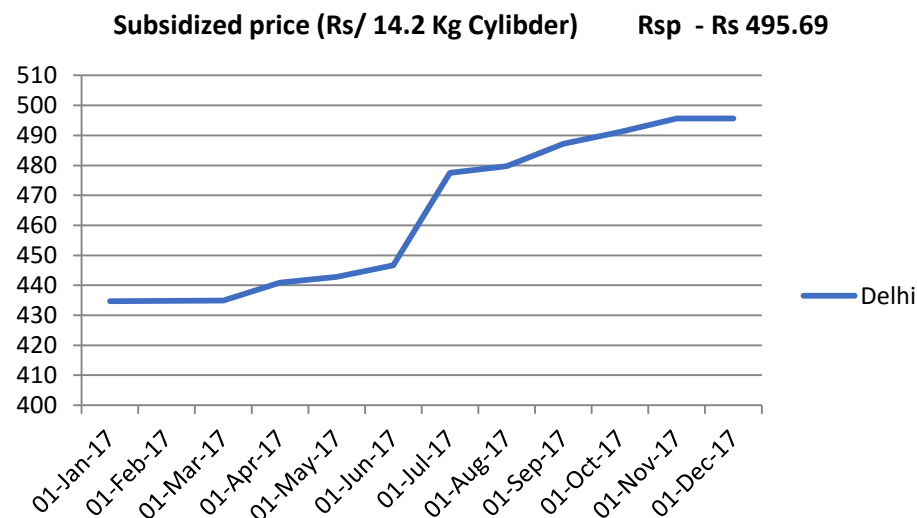
...Post Fully De-subsidization of LPG Cylinder Prices

- LPG consumption has grown strongly in the past few years with FY17 consumption at 21,548 TMTPA
- Government aims to de-subsidize LPG prices for domestic cylinders (14.2 kg) by Mar'18. Current Retail Selling Price (RSP) is Rs 747 (Delhi) against an effective subsidized price of Rs 495.69.
- De-Subsidized prices will provide a level playing field for private LPG players vis-à-vis PSUs and will be able to foray into the huge domestic LPG market

LPG consumption already on a growth trajectory (y-o-y)...



...up for grab, as LPG subsidized prices move towards RSP*



* Retail Selling Price * Price till Dec

3. Auto LPG – Segment Overview

- Started over 7 years ago and has quickly ramped up to become one of the largest private sector players with 112 Auto LPG Dispensing Stations (ALDS) across India
- Currently present in high consumption states like Andhra Pradesh, Karnataka, Tamil Nadu, Maharashtra and other states like Gujarat and West Bengal
- Scheduled expansion plan to target 150 ALDS by end of Fiscal 2018

ALDS across 8 states pan India

State	No. of stations
Karnataka	33
Tamil Nadu	31
Maharashtra	24
Andhra Pradesh	11
Rajasthan	5
Gujarat	4
West Bengal	3
Madhya Pradesh	1
Total	112

Expansion Plans in ALDS to Cater the Growing Demand

- Plan to increase the number of ALDS from 112 to 150 stations by FY18 and 200 stations by FY19
- The expansion is planned in high consumption states like Karnataka, Tamil Nadu, Andhra Pradesh and Maharashtra, with higher Government thrust on Auto LPG and favourable policies



Auto LPG – Fares Better Than its Counterparts

Parameter	Petrol	CNG	LPG	Verdict
Cost per unit	Rs 79/ltr	Rs 44/kg	Rs 36/Ltr	LPG
Cost of conversion of vehicle	NA	Rs 35,000 - 40,000	Rs 16,000 – 25,000	Petrol
Emissions	Base	22% lower than Petrol	22% lower than Petrol	LPG
Fuel Quality	Stable	Varying composition as it is not processed and supplied directly from wells	Stable, since produced in refineries under controlled conditions	LPG
Filling Process	~ 4-5 mins	~ 5-10 mins	~ 3-4 min	LPG
Vehicle Performance	Base	15-20% drop from Petrol	3-5% drop from Petrol	LPG
Ease of Transportation		Requires a pipeline laid, for transportation	Can be made available anywhere	
Cost of dispensing infrastructure		Rs 15 mn at an existing retail outlet	Rs 4 mn at an existing retail outlet	LPG

Source: iac.org.in



Thank You



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