



# INVESTOR PRESENTATION

February 2019



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CYLINDER

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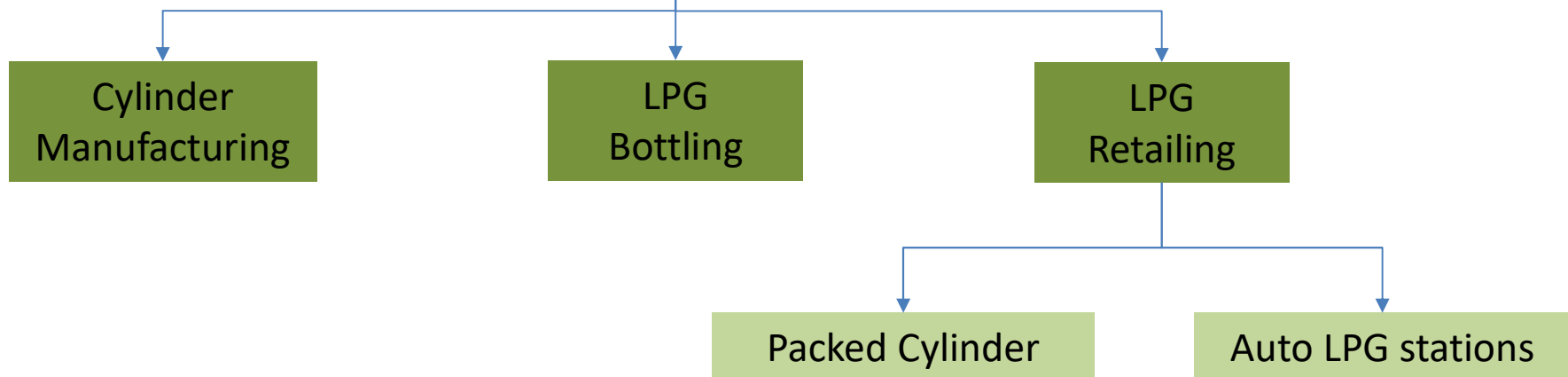
- ✓ LPG Retailing
- ✓ Auto LPG Dispensing Stations
- ✓ LPG Bottling
- ✓ LPG Cylinder Manufacturing

01

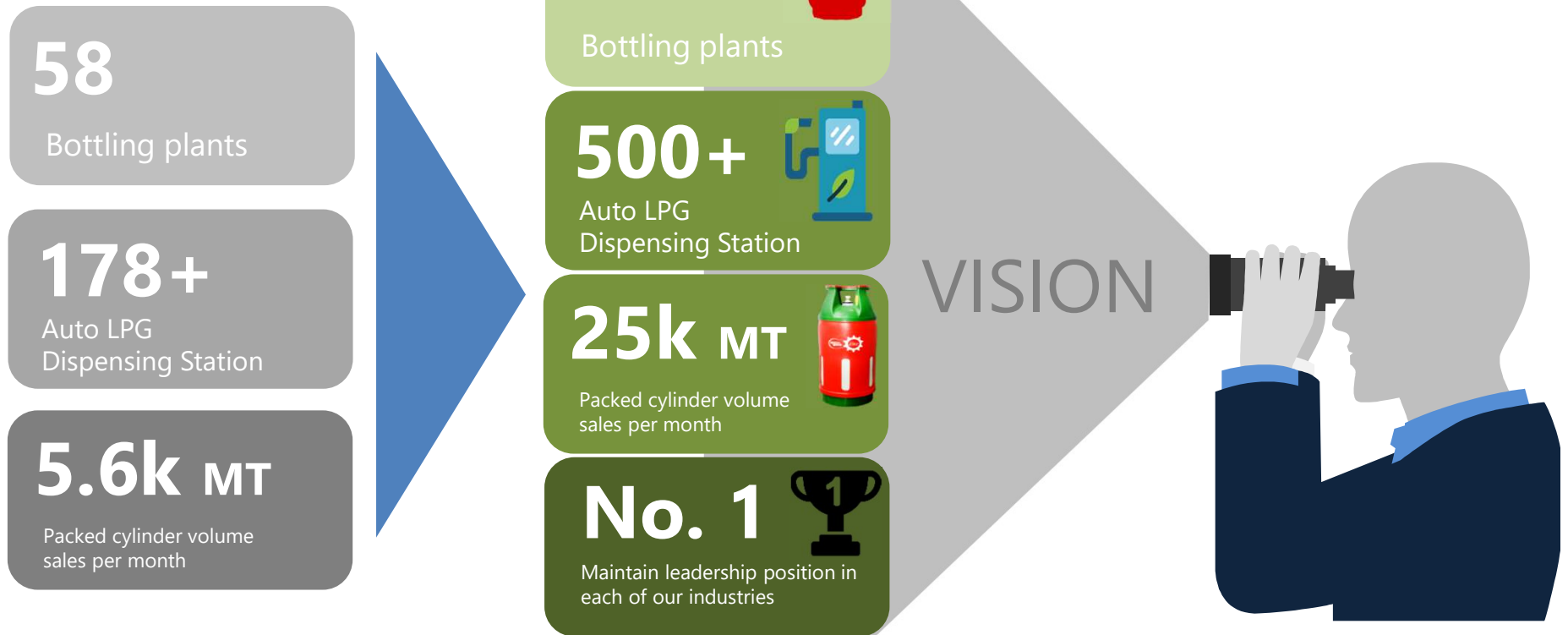
## COMPANY OVERVIEW



## Our business Segments...



## Our Vision



## Journey So Far...



Pre 2000

- Started cylinder manufacturing business by acquiring manufacturing plants in Maharashtra
- Entered into LPG Bottling business; launched our own brand called '**Gas Point**'

2000-05

- Grew cylinder manufacturing business, organically & inorganically, expanded into **Gujarat and Andhra Pradesh**
- Started bottling assistance to PSUs; added many new and sick units across India

2006-11

- Forayed into Auto LPG business; set up the first ALDS in Maharashtra in 2008
- Started Packed LPG marketing under the brand Go Gas in 2009
- Started Indonesian operations – LPG cylinder bottling

2012-18

- ALDS stations expanded to **163** in December 2018, **highest among private companies in India**
- Expanded Steel cylinder manufacturing capacities to 5 million units per annum
- Launched composite cylinders under the brand 'Go Gas Elite' distribution Pan India

## Confidence Group – At A Glance



# Leadership Team



## Nitin Khara, Chairman and Managing Director

- Commerce Graduate and an industrialist with vast experience of 30+ years in the field of LPG and CNG
- Expert in Cylinder Manufacturing, LPG Bottling, Blending and Marketing
- Received “**Rashtriya Udyog Ratan Award**” by IOBRD in the year 2006 and **Certificate of Excellence** by Inc. India

## Elesh Khara, Director

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

## 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.

## 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.

## Jitendra Jain, CFO

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





02

**LPG CYLINDER  
MANUFACTURING**

# Strong Client Base And Own Brand



## Demand For LPG Cylinder

PSU And Private  
Oil Companies



Go Gas  
Domestic And Commercial

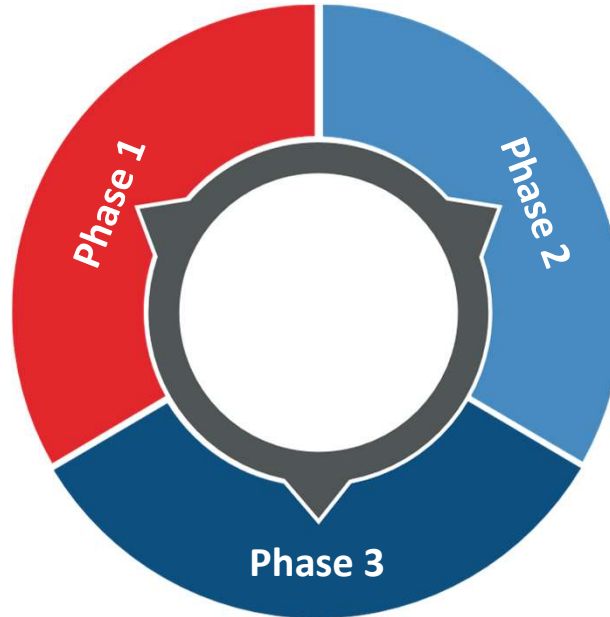


# Sustainable Demand For LPG In Future



## Bringing All House Under Ujwala

- Under the current scheme government has promised to bring every household in BPL to use cleaner fuel of LPG
- In 2018-19 Union Budget proposal government has increased free LPG from 5cr to 8cr



## Min 2 Cylinder Per Houses For Refilling Cycle

- Minimum two cylinder are needed to regularly refill and an additional 0.5 cylinders are assumed as 'cylinders in transit'

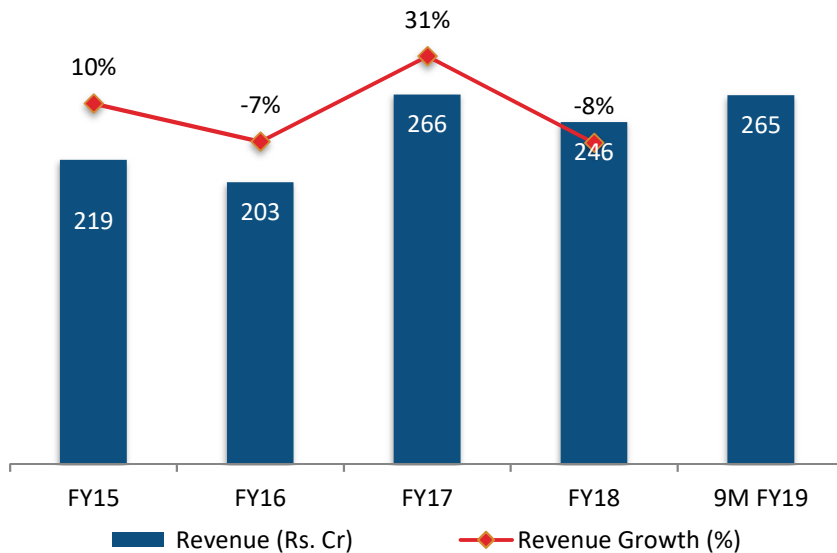
## Recycle Demand To Refurbish And Replace

- Once BPL household holds 2 cylinder each, total cylinder circulating in India would be more than 40 cr
- Cylinder needs to be refurbish after every 6 years and completely replaced after 10 years ensuring replacement demand to peak after ten years and then remain stable there on.

# Confidence LPG Cylinder Business : Key Stats



## Revenue & Growth YoY



- 2019 -20 Interim Union budget proposes to extend the Ujjwala scheme to 8 crore new connections by 2021
- Confidence set to gain operational leverage with higher capacity utilization
- Incremental demand would be coming from UP, Bihar, Orissa and North West region
- Margin expected to improve further with improvement in capacity utilization
- Steel remains major cost component, over 60% of raw material cost is linked to steel price in India
- Higher Gross Margin with limited capital requirement will lead to improvement in return ratios



03

**BOTTLING &  
MARKETING**

## 4A. Confidence Bottling Business



### Pan India Presence For Bottling Facilities

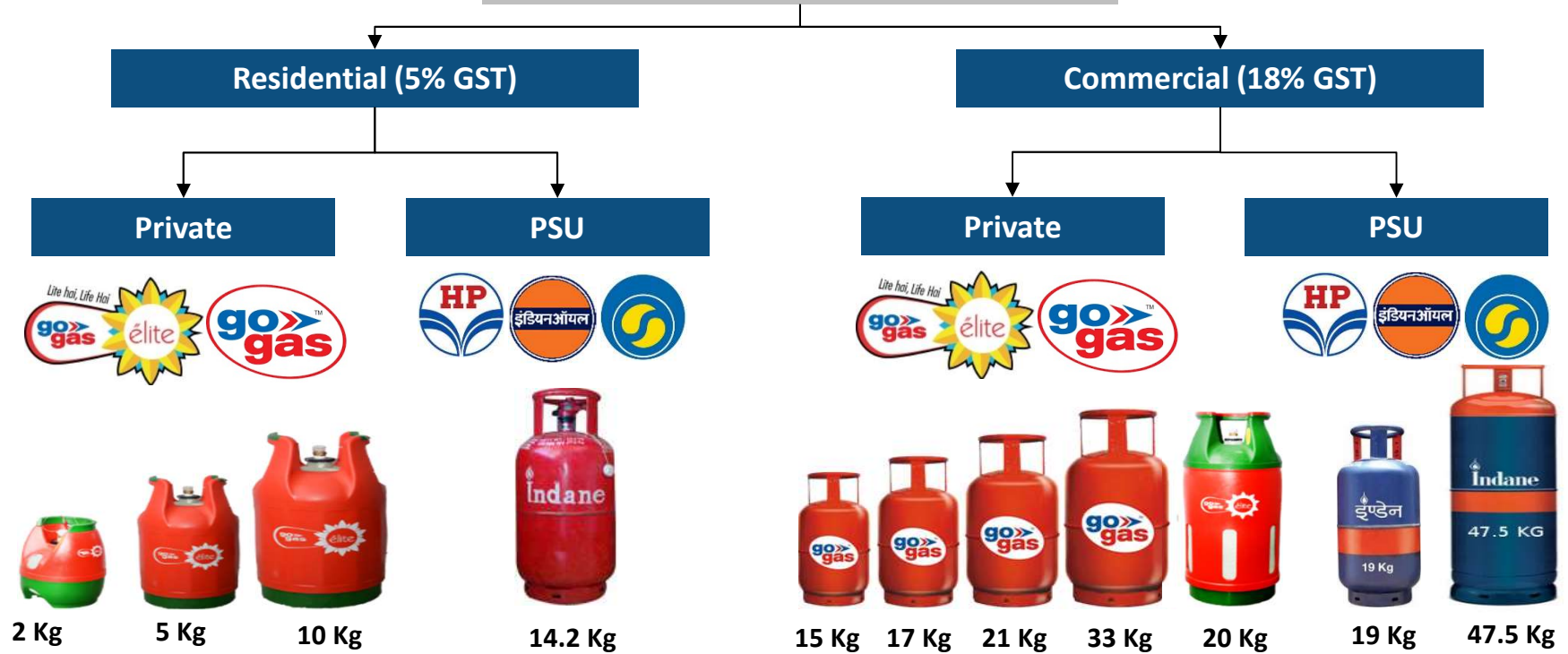


- Out of 58 bottling plant, 28 catered to PSU oil companies while remaining are used to cater industrial and commercial requirement
- Four new plants will come onstream at Ahmedabad, Kanpur, Jaipur and Belgaum by H2 FY2019
- Apart from catering to OMCs, bottling plants is also used for refilling of “Go Gas” and “Go Gas Elite” cylinders

# 4B. Composite Cylinder: Leap Into The Future



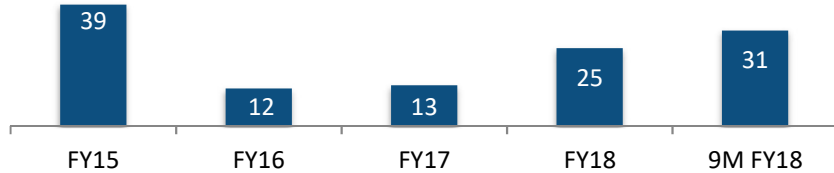
## Packaged Cylinder Market



# Bottling Plant & Composite Cylinder: Key Stats

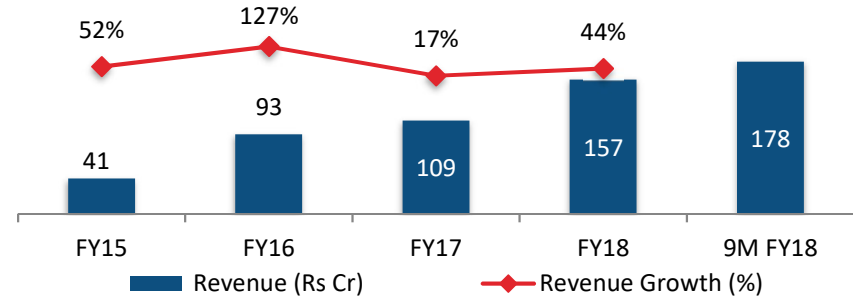


## Bottling Revenue (Rs Cr)



- Bottling plant demand driver is availability of facility near demand centres
- Stable margin business with increasing demand will lead to higher EBITDA going forward
- Limited additional line set-up cost, capacity can be further expanded if needed
- Low capex business generates strong return ratios sustainably

## Packed (Go Gas) LPG Cylinder Revenue and Growth YoY





## Composite Cylinder Demand Looks Strong



- Currently the composite cylinder is sold through our dealer network in seven states
- Launching to other states as the enquiry from other states are increasing for composite cylinder
- Industrial and Commercial cylinder, being non subsidized compete on a level playing field compared to residential LPG
- Composite cylinder being blast proof is readily accepted in non-residential spaces enhancing the safety standards of the premises

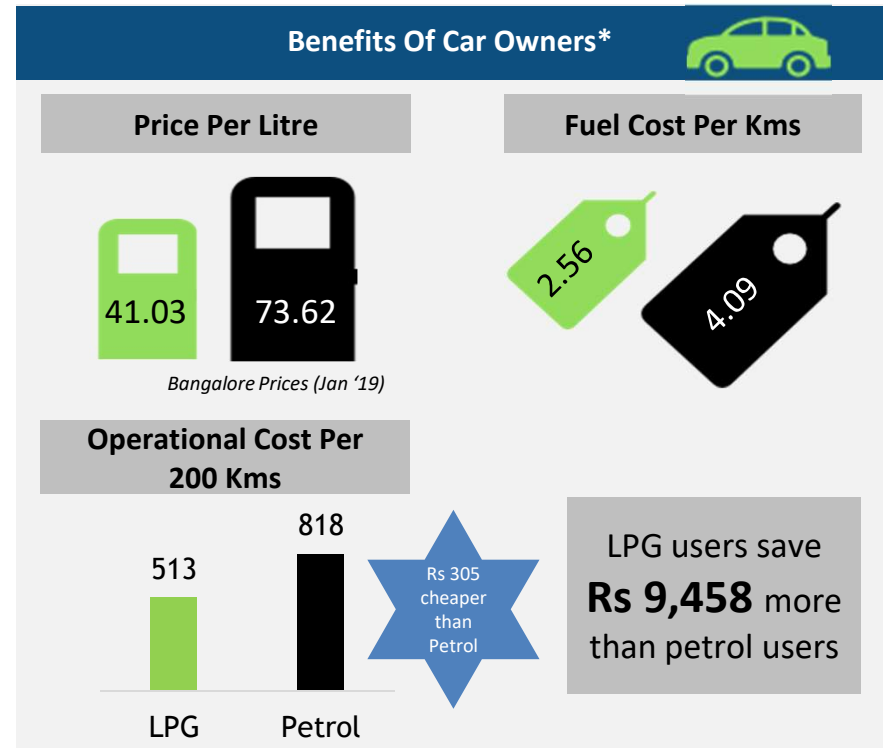
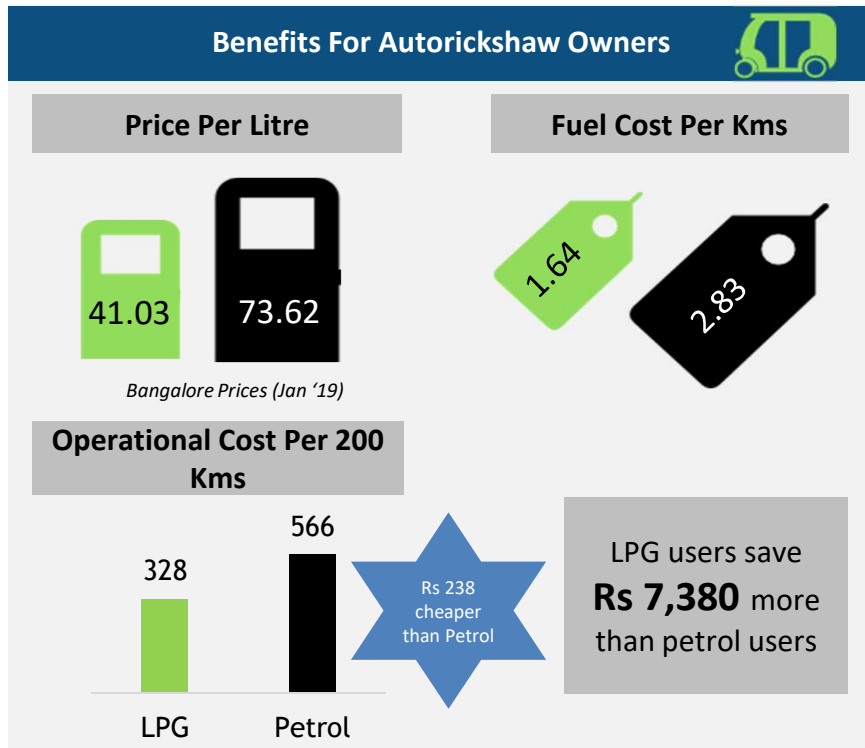


04

**AUTO LPG  
DISPENSING STATIONS**



# Fight For Cleaner Fuel : LPG Vs Petrol



 Auto LPG       Petrol

\*Tests on WagonR

## Push Towards Cleaner Fuel



### Government And Regulatory Push Towards Cleaner Fuel

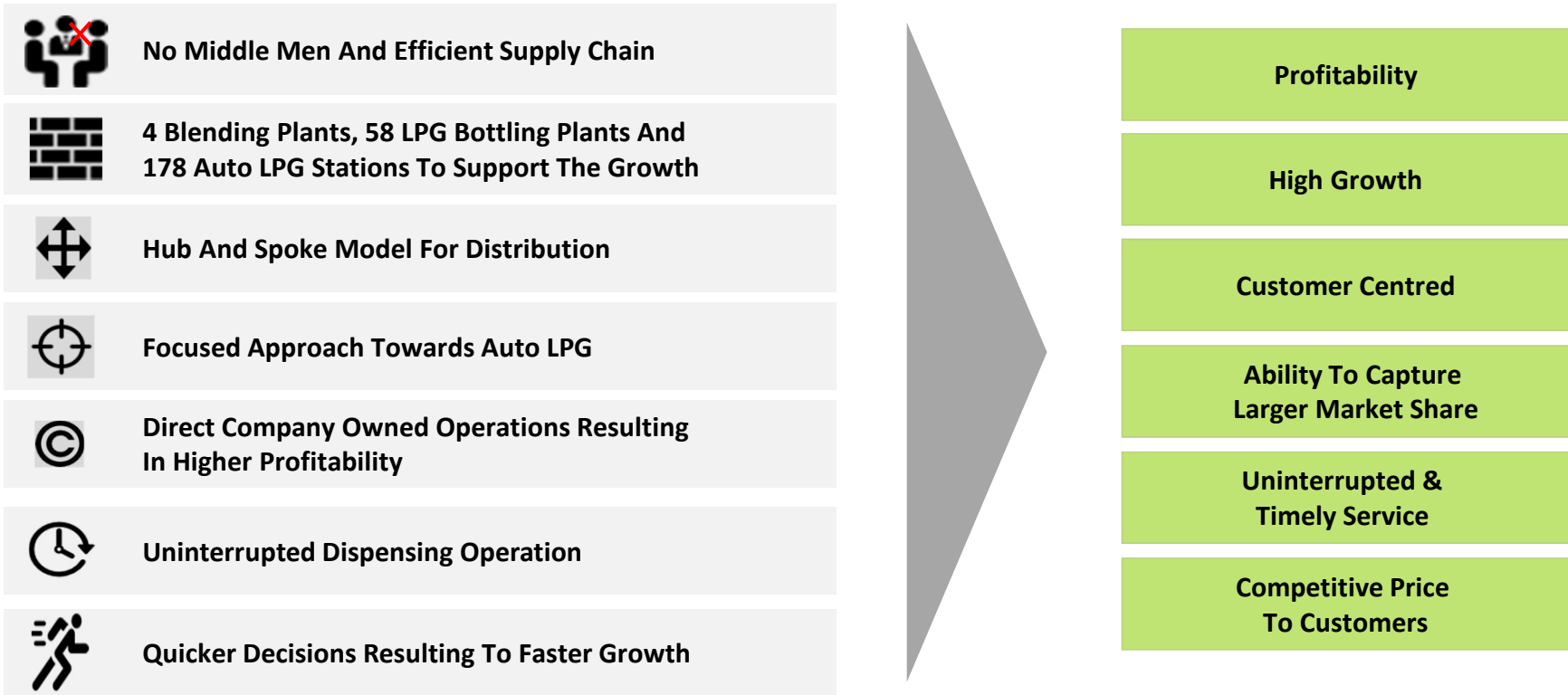
- ~30% of the city pollution is due to vehicle, dedicated focussed needed to reduce the vehicle emissions
- Key LPG consumption states have LPG mandatory for autorickshaw; government taking aggressive stance against pollution
- **Government of India committed to Paris pledge to reduce carbon footprints**
- Government inclined towards reducing the diesel vehicle in India, subsidy on diesel reduced in last 2yrs
- **Government decided to take vehicles older than 20 years off the road, Cabinet approval on the same expected soon**

### Automakers Launching Factory Fitted LPG Automobile

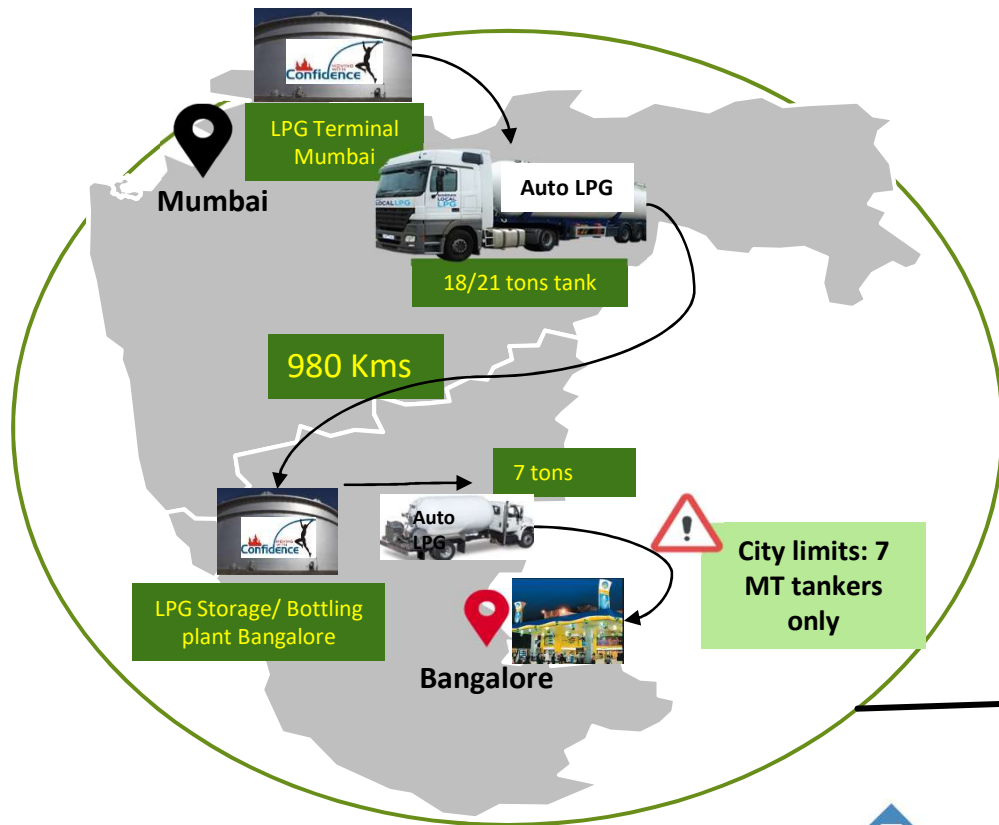
- Factory fitted LPG vehicles provide extra safety to the vehicle compared to OTC LPG fitting
- Improvement in LPG dispensing stations led to increase demand for LPG fitted passenger vehicle
- **Leading automakers are progressively launching vehicles with LPG fitting:**



# Confidence Key Strength In The Segment



# Efficient Supply Chain

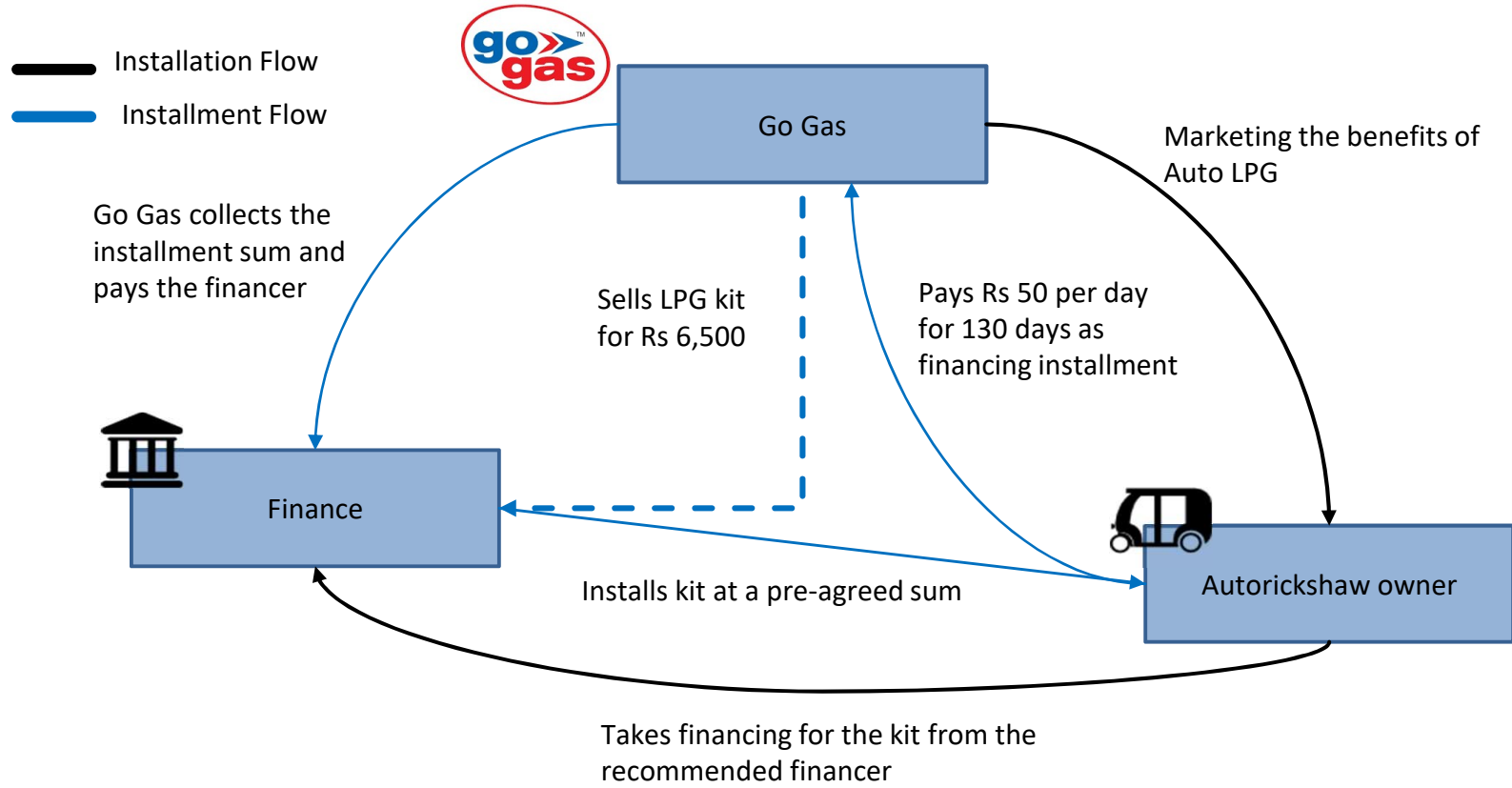


40 % savings on transportation cost 'Liter per Km' due to economy of scale on usage of 18/21 MT tankers



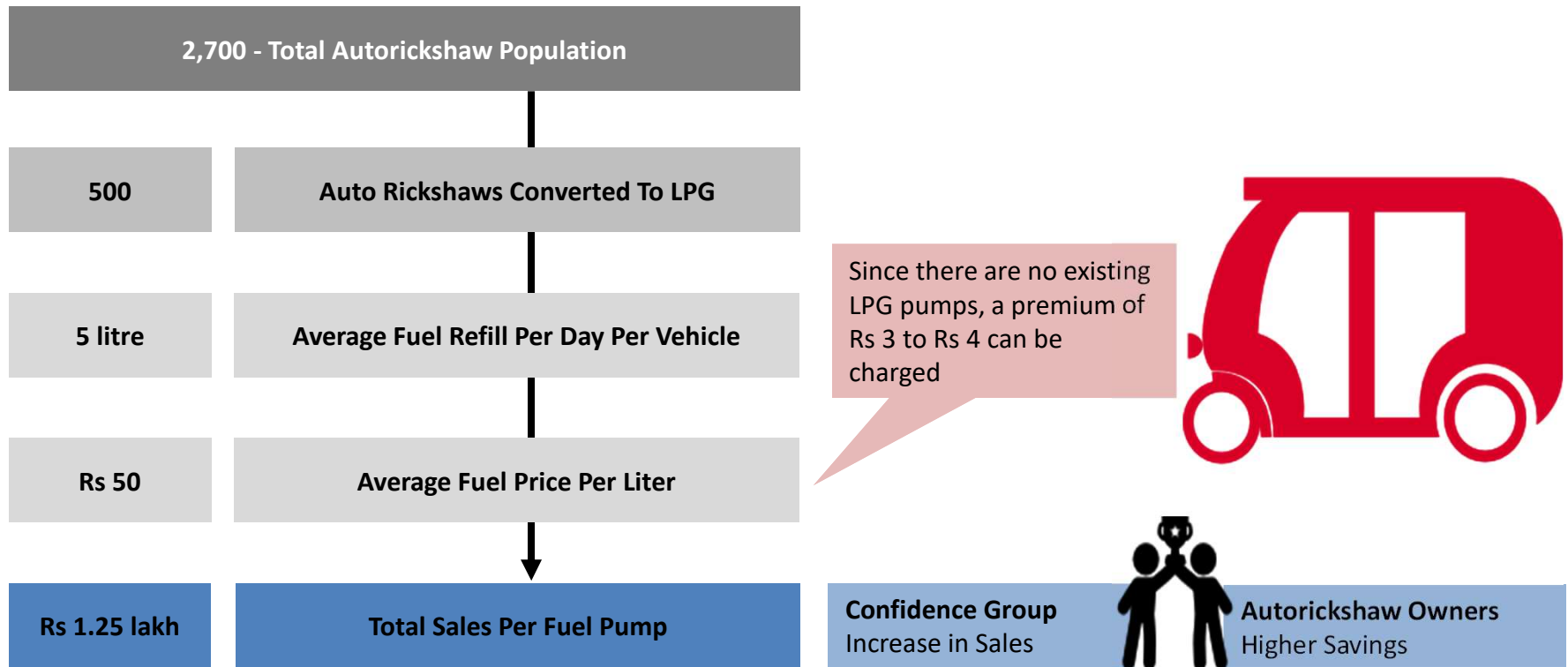
18/21 MT tankers are ample in market – resulting in no stock outages

# Semi Urban Conversion Program

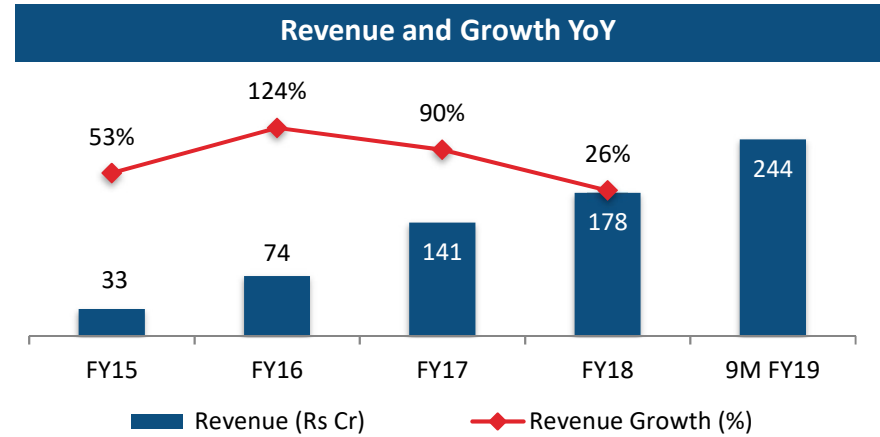
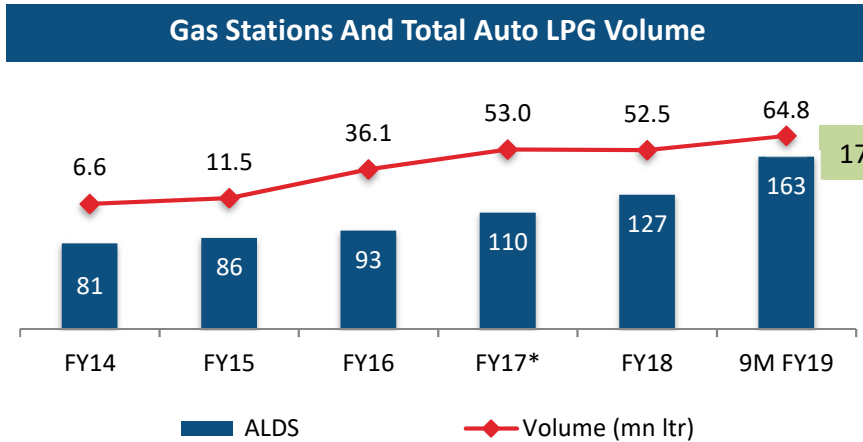




# Semi Urban Conversion Program



# Confidence Increasing Dominance in LPG Market



\* volumes include sale of Bulk LPG

- ALDS moved from low catchment locations to newer locations with higher fuel demand
- With Better location of ALDS, volume gone up significantly. Already sold **1.2x LPG volume** of FY18 in 9M FY19.
- Consistently adding new stations, **added 36 new stations** since end of FY2018.



05

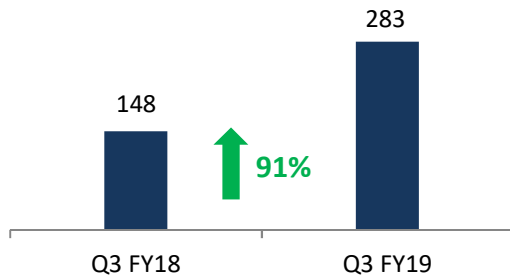
FINANCIAL  
RESULT

# Results : Key Highlights

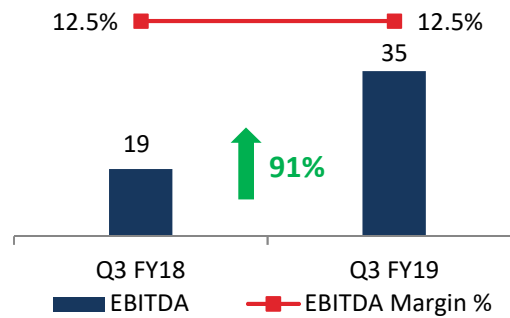


In Rs Cr

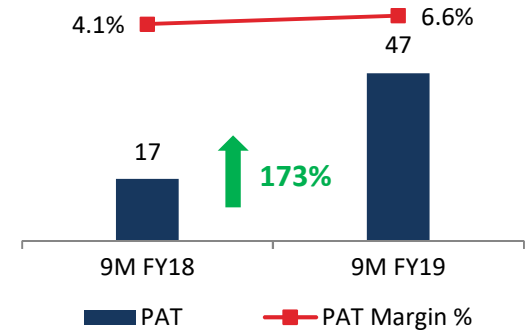
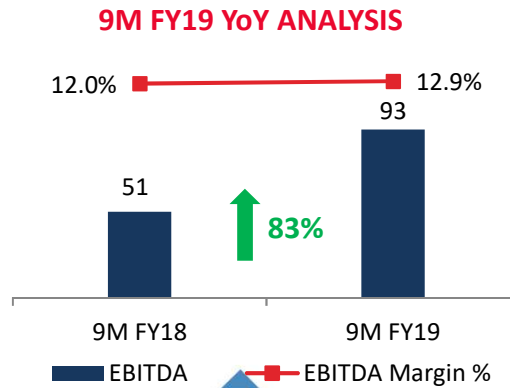
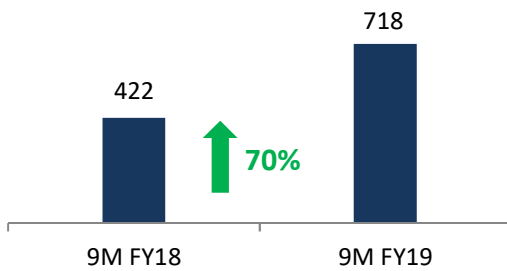
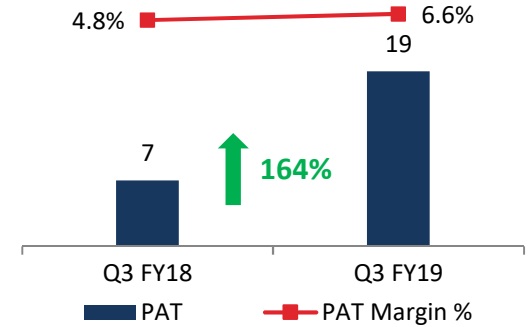
## Revenue



## EBITDA & EBITDA Margin (%)



## PAT & PAT Margin (%)



## Results : Key Highlights

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- ❑ Revenue for Q3FY19 stands at **Rs 283cr, 91% higher** than corresponding previous quarter, this was on account of increase in volume across the business verticals. Cylinder Manufacturing and LPG business contributed the 36% and 64% to Q3FY19 consolidated revenue.
- ❑ Q3FY19 EBITDA increased **by 91% YoY to Rs 35cr**, with a stable margin of 12.5%.
- ❑ Q3FY19 Net Profit stood at **Rs 19cr, 164% higher** than Q3FY18.
- ❑ Plan to set a nation-wide distribution network, primarily catering to urban household and HORECA.
- ❑ **163 Auto LPG stations** across India, of which **36** have been added post March 2018. Well positioned to increase to 200+ gas stations in FY19
- ❑ Increased a stake in Blue Flame Industries Pvt. Ltd. from 50% to 75%, which has a installed capacity of 6 lacs LPG cylinder per annum.

## Consolidated Income Statement



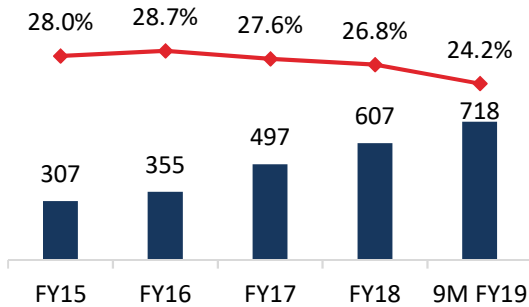
Particulars (Rs. in Cr)	Q3 FY19	Q3 FY18	YoY%	9M FY19	9M FY18	YoY%
Revenue from Operations	283.0	148.0	91.3%	718.5	422.0	70.2%
COGS	219.6	106.3	106.6%	544.4	301.7	80.5%
<b>Gross Profit</b>	<b>63.5</b>	<b>41.7</b>	<b>52.2%</b>	<b>174.0</b>	<b>120.4</b>	<b>44.6%</b>
<b>Gross Margin %</b>	<b>22.4%</b>	<b>28.2%</b>	<b>-575 bps</b>	<b>24.2%</b>	<b>28.5%</b>	<b>-429 bps</b>
Employee Expenses	8.6	4.7	81.0%	24.1	14.0	72.1%
Other Expenses	19.6	18.5	5.9%	57.3	55.8	2.7%
<b>EBITDA</b>	<b>35.3</b>	<b>18.5</b>	<b>91.3%</b>	<b>92.6</b>	<b>50.6</b>	<b>83.2%</b>
<b>EBITDA Margin %</b>	<b>12.5%</b>	<b>12.5%</b>	<b>0 bps</b>	<b>12.9%</b>	<b>12.0%</b>	<b>91 bps</b>
Depreciation	7.0	6.2	12.8%	19.6	18.4	6.8%
Finance Cost	2.7	2.8	-0.9%	8.2	8.9	-8.1%
Other Income	0.8	0.5	64.7%	2.4	1.5	61.4%
<b>PBT</b>	<b>26.4</b>	<b>10.0</b>	<b>163.5%</b>	<b>67.2</b>	<b>24.7</b>	<b>171.5%</b>
Taxes	7.9	3.0	163.2%	19.8	7.4	167.9%
<b>PAT</b>	<b>18.6</b>	<b>7.0</b>	<b>163.7%</b>	<b>47.4</b>	<b>17.4</b>	<b>173.1%</b>
<b>PAT Margin %</b>	<b>6.6%</b>	<b>4.8%</b>	<b>180 bps</b>	<b>6.6%</b>	<b>4.1%</b>	<b>248 bps</b>
<b>PAT post Minority</b>	<b>18.6</b>	<b>7.1</b>	<b>162.9%</b>	<b>47.9</b>	<b>17.4</b>	<b>175.4%</b>

# Financial Summary



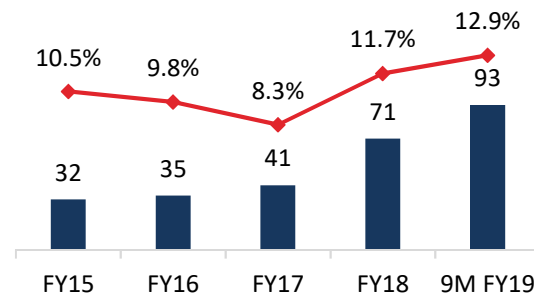
## Revenues & Gross Margin

CAGR: 25%

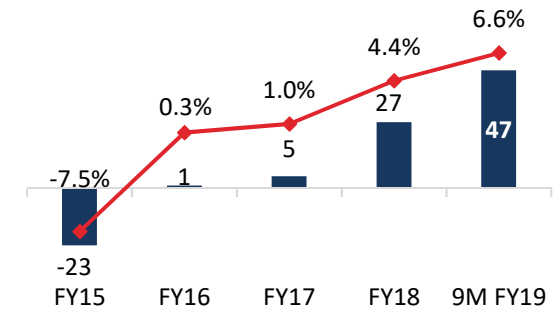


## EBITDA & EBITDA Margin

CAGR: 30%



## PAT & PAT Margin



- ❑ Confidence has recorded the consolidated revenue of Rs. 718cr during 9M FY19, more than FY18 full year revenue Rs. 606cr.
- ❑ 9M FY19 EBITDA stands at Rs. 93cr, which is a 130% of FY18 EBITDA. It had grown at CAGR 30% over FY15 – FY18.
- ❑ During 9M FY19 company has recorded the **PAT of Rs. 47, 1.75x of PAT in FY18.**

**THANK**  
**YOU!**



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