



INVESTOR PRESENTATION

November 2018



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



COMPANY OVERVIEW



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 **144** in September 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

- 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

- 25+ years of experience in the LPG industry.
- 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

- 20+ years of experience in the LPG cylinder manufacturing segment.
- 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



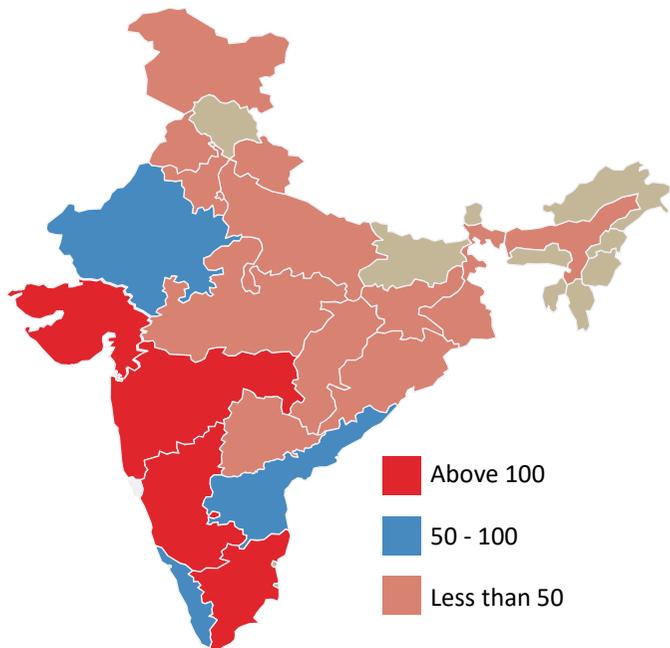
02

AUTO LPG
DISPENSING STATIONS

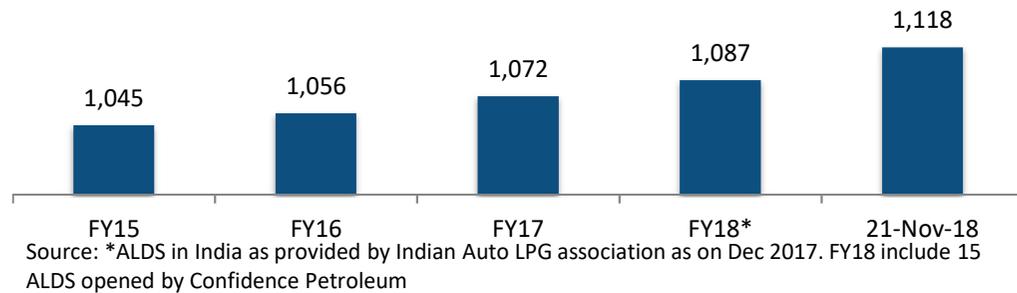
Auto LPG Dispensing Stations In India



State Wise Presence Of LPG Stations In India¹



Growth In ALDS In India

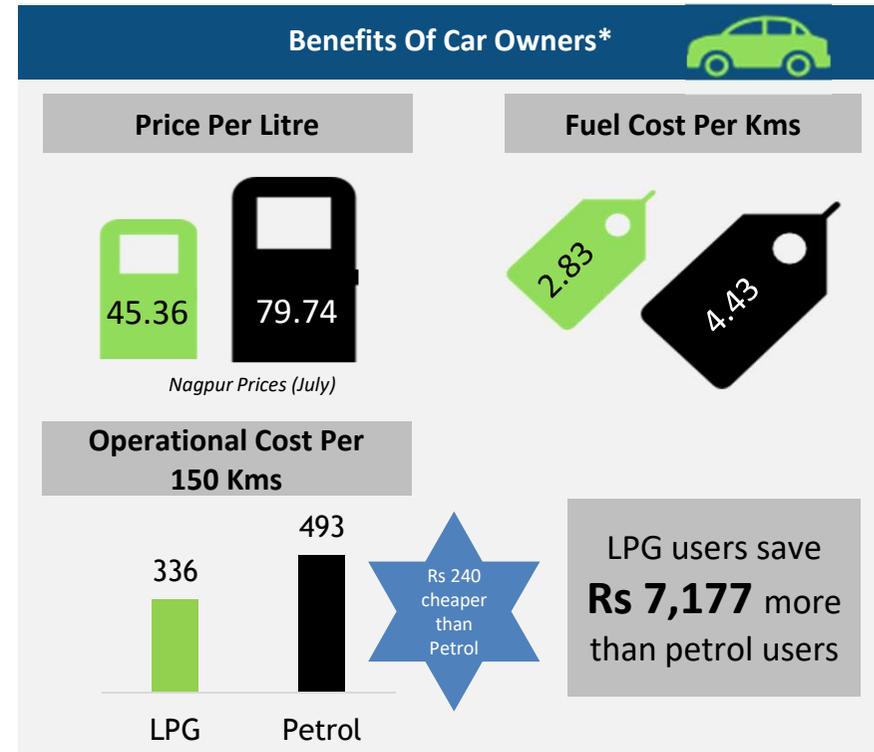
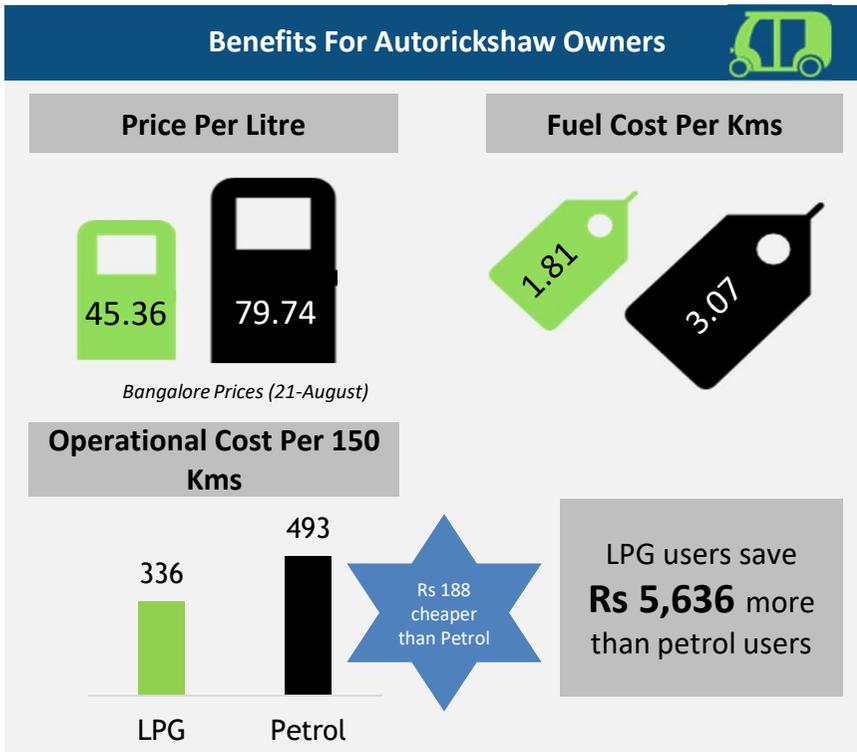


- Auto LPG, being more economical and environmental friendly fuel, is gaining traction in India
- LPG Gas stations increasing steadily in India with a dominant market share in southern India
- Karnataka, Tamil Nadu, Maharashtra[^] and Andhra Pradesh government has made LPG compulsory for 3-wheeler Autorickshaw leading to higher demand for LPG in those states
- Other states are also promoting cleaner fuel in their states. Smaller towns, which largely have petrol driven autorickshaws are driven, is a large opportunity.



[^] Mumbai made CNG or LPG as compulsory fuel, while rest of Maharashtra has LPG as compulsory fuel

Fight For Cleaner Fuel : Auto LPG Vs Petrol



● Auto LPG
 ● Petrol

*Tests on WagonR

Push Towards Cleaner Fuel



Government And Regulatory Push Towards Cleaner Fuel

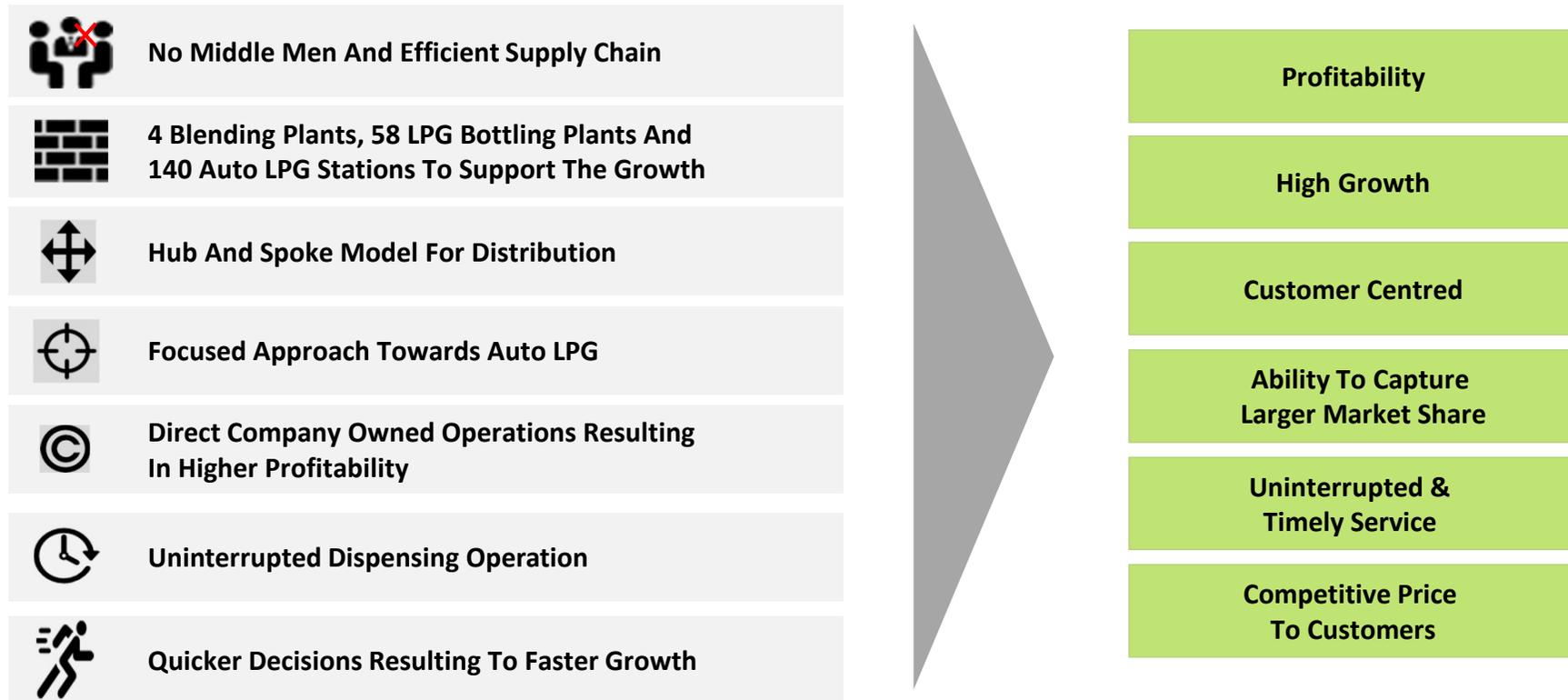
- ~30% of the city pollution is due to vehicle, dedicated focussed needed to reduce the vehicle emissions
- Key LPG consumption states have LPG mandatory for autorickshaw; government taking aggressive stance against pollution
- **Government of India committed to Paris pledge to reduce carbon footprints**
- 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

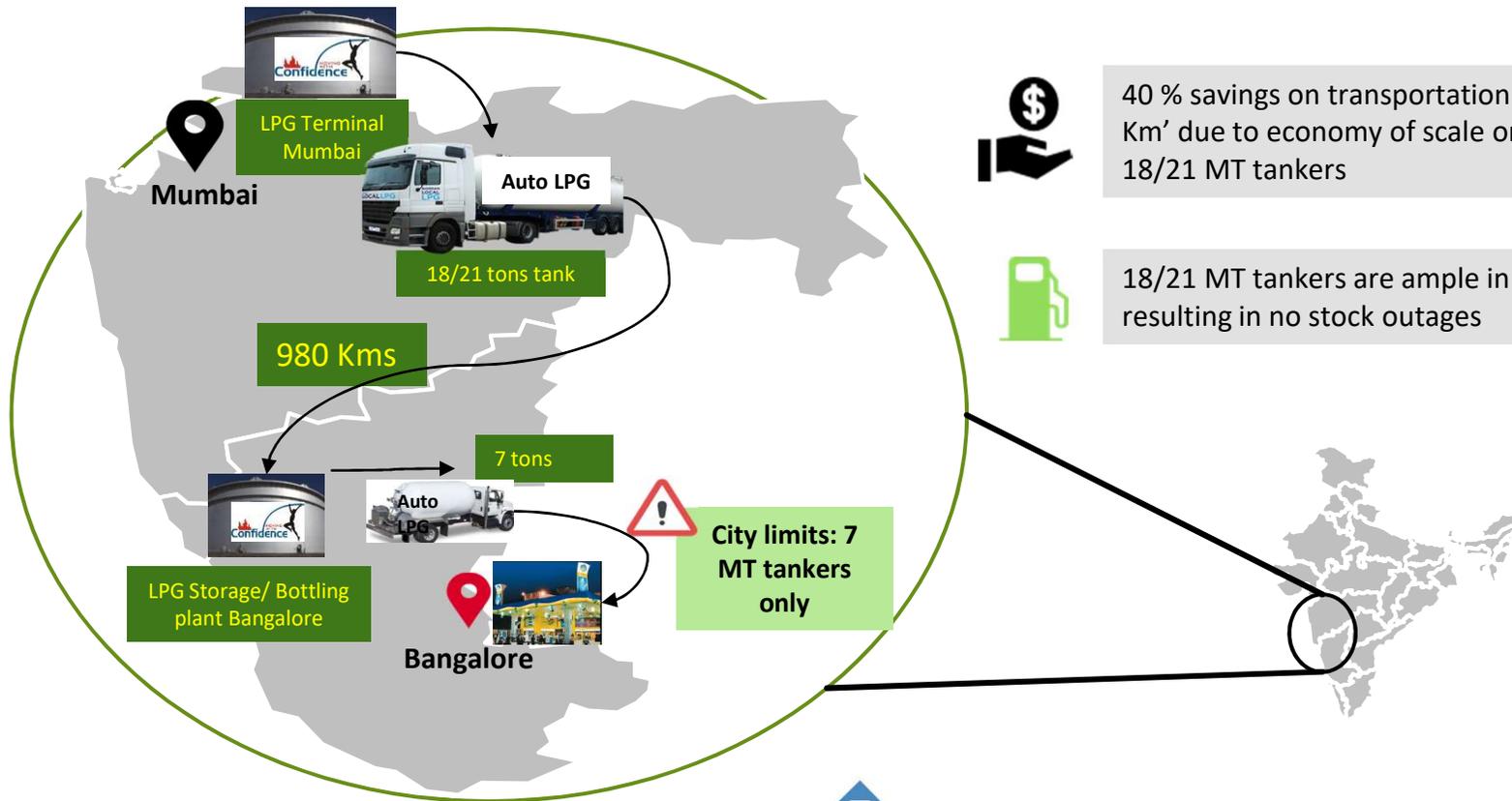
- Factory fitted LPG vehicles provide extra safety to the vehicle compared to OTC LPG fitting
- Improvement in LPG dispensing stations led to increase demand for LPG fitted passenger vehicle
- **Leading automakers are progressively launching vehicles with LPG fitting:**



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

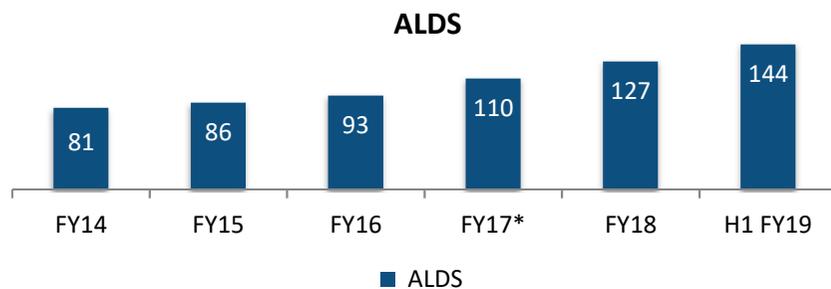


18/21 MT tankers are ample in market – resulting in no stock outages

Confidence Increasing Dominance in LPG Market

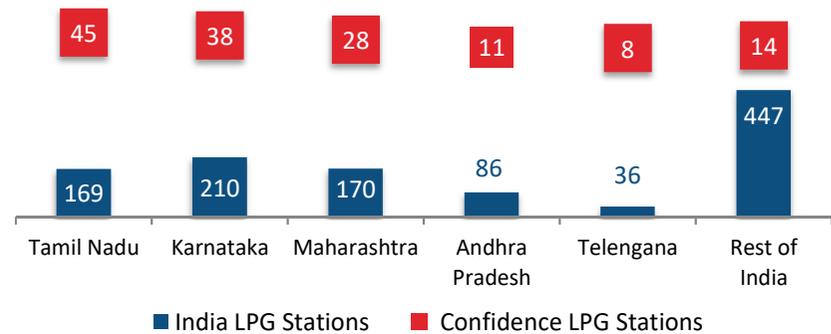


Auto LPG Stations



* volumes include sale of Bulk LPG

State Wise LPG Stations And Confidence Share



- Confidence started Auto LPG stations from 2008 and currently owns 13% of the overall LPG stations in India being largest player among private companies
- South India has taken a lead in terms of opening LPG stations, NCR and Mumbai relied more on CNG
- Confidence has a dominance presence in South and West market with 57% of its stations in Karnataka and Tamil Nadu

Confidence Increasing Dominance In LPG Market



Recent Highlights

- ALDS moved from low catchment locations to newer locations with higher fuel demand
- With Better location of ALDS, volume sales have gone up significantly.
- Consistently adding new stations, added 17 new stations since end of FY2018
- ALDS revenue has grown 5.5x in last four years, primarily driven by increasing volume; partly offset by lower prices
- Limited capex spend on opening new LPG stations.
- As the business reach scale with 144 stations operational now; margin expansion will lead to higher profits
- Higher EBITDA with limited capital will lead to improvement in return ratios





03

LPG CYLINDER
MANUFACTURING

Strong Client Base And Own Brand



Demand For LPG Cylinder

PSU And Private
Oil Companies



Go Gas
Domestic And Commercial



Steel Cylinder Market In India



- Gas cylinder demand is increasing as more BPL families are moving away from Bio Fuel, adopting LPG as cooking fuel
- 2018-19 Union budget proposes to increase Ujjwala scheme from 5cr cylinder to 8cr
- Currently the BPL family owns single cylinder, while requirement will be more than two cylinder for uninterrupted LPG

Key Cylinder Supplier In India

Bhiwadi Cylinders



Bharat Tank and Vassels



Chandawat Udyog



- The Company is a leading cylinder manufacturing supplier to PSU oil majors like HPCL, BPCL and Indian Oil
- Confidence group pan-India presence with manufacturing facility based out of 7 states and 15 locations

Government Push Towards LPG



Budget 2018-19 proposal to increase free LPG from 5cr to 8cr cylinders to the BPL household, to be implemented by FY2019



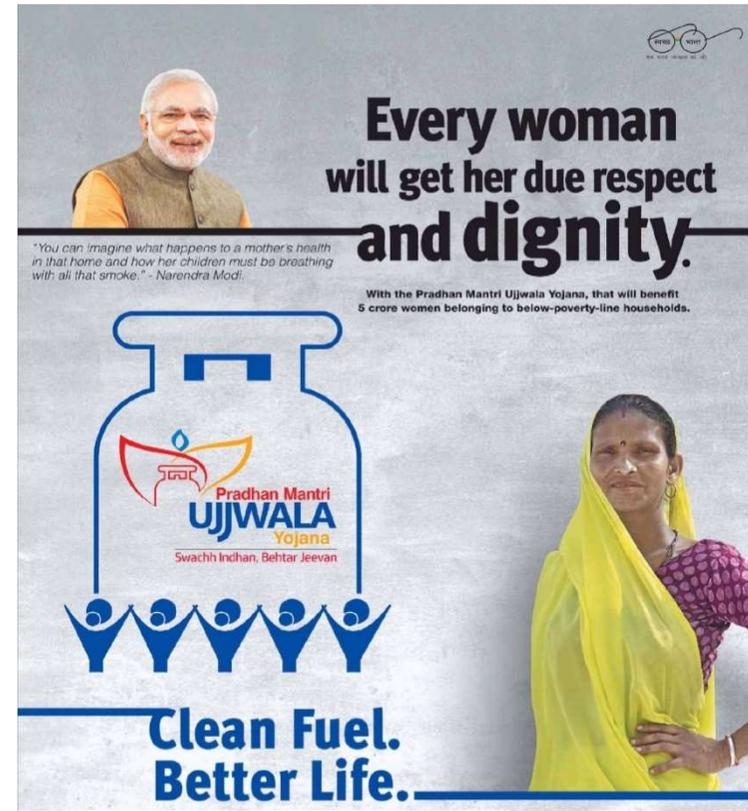
Government providing free first LPG; also giving lucrative schemes for buying gas stoves and refilling



Providing cleaner fuel to women; working towards smoke free house reducing respiratory problems



Free household from collecting fire woods and cow dung for cooking

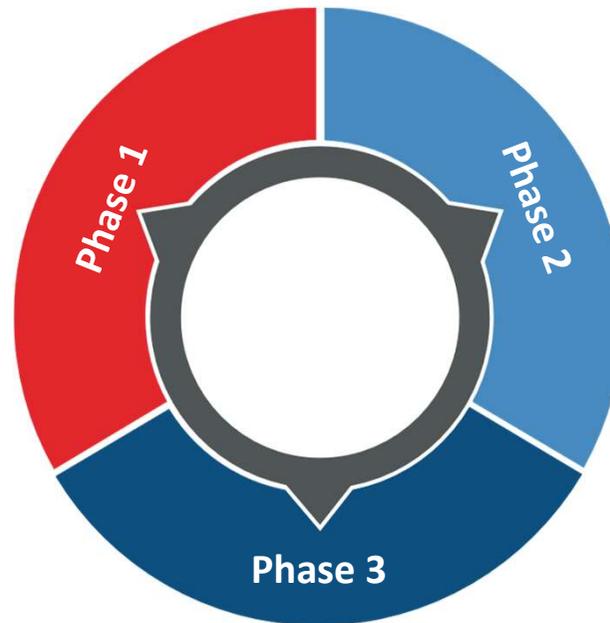


Sustainable Demand For LPG In Future



Bringing All BPL 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 replace empty cylinder at household
- In rural markets, it takes from 15 days to one month time when refilled cylinder reaches household after booking for refilling

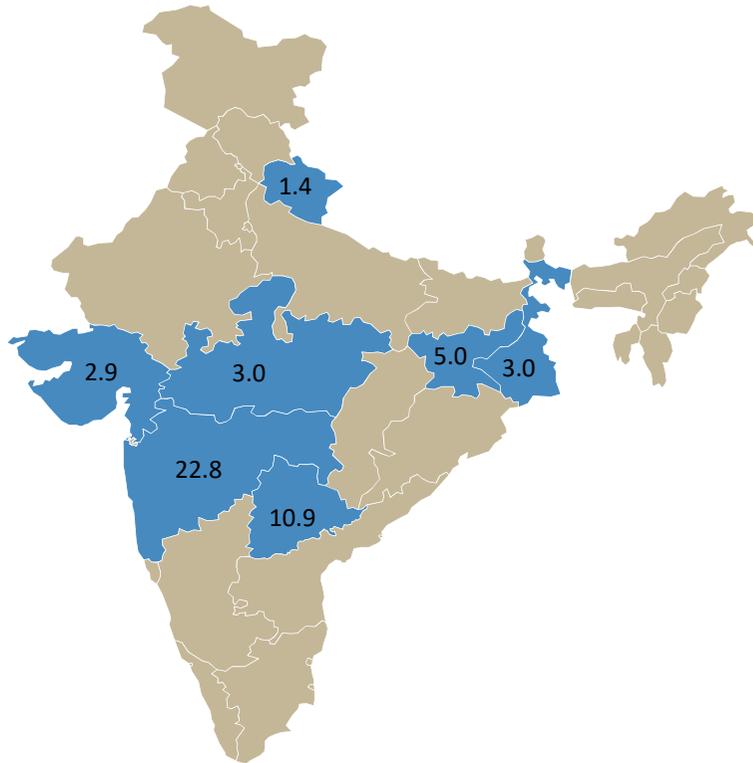
Recycle Demand To Refurbish And Replace

- 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.

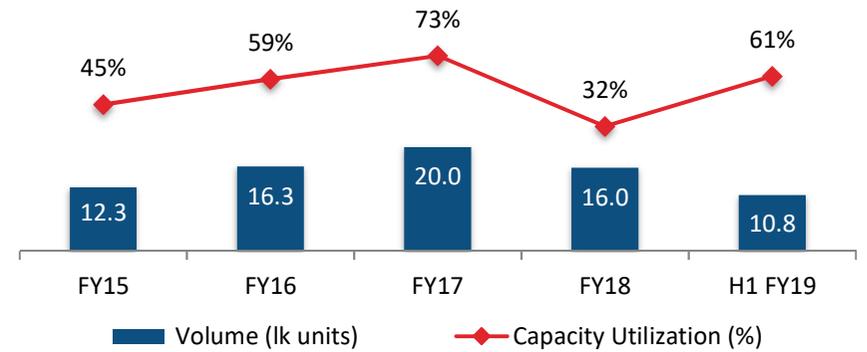
Well Positioned To Service Growing Cylinder Demand



Presence Across 7 States In India At 15 Locations



Confidence LPG Cylinder Sales In India



- Confidence set to gain operational leverage with higher capacity utilization
- Incremental demand would be coming from the prestigious Ujjwala Scheme, growth in rural areas and the routine replacement demand of cylinders.



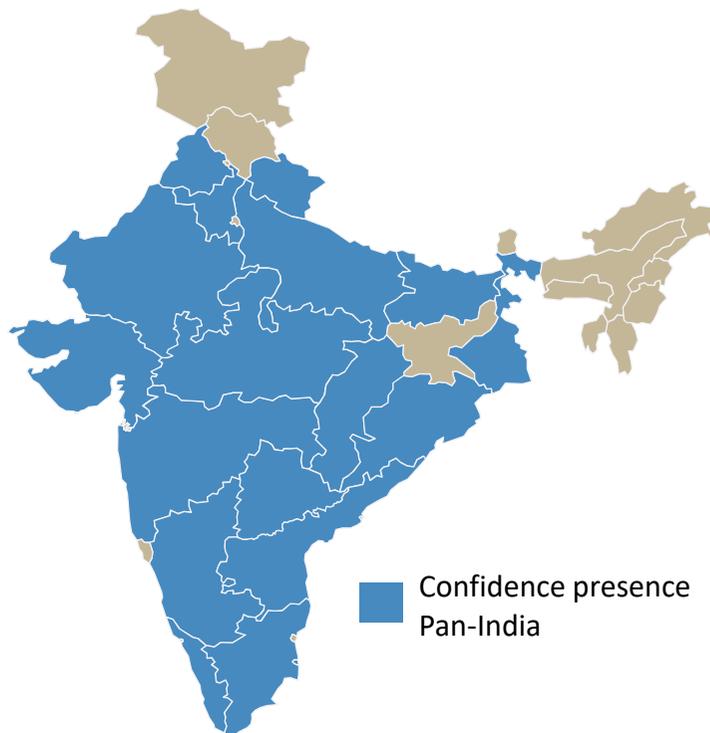
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**BOTTLING &
MARKETING**

4A. Confidence Bottling Business



Pan India Presence For Bottling Facilities

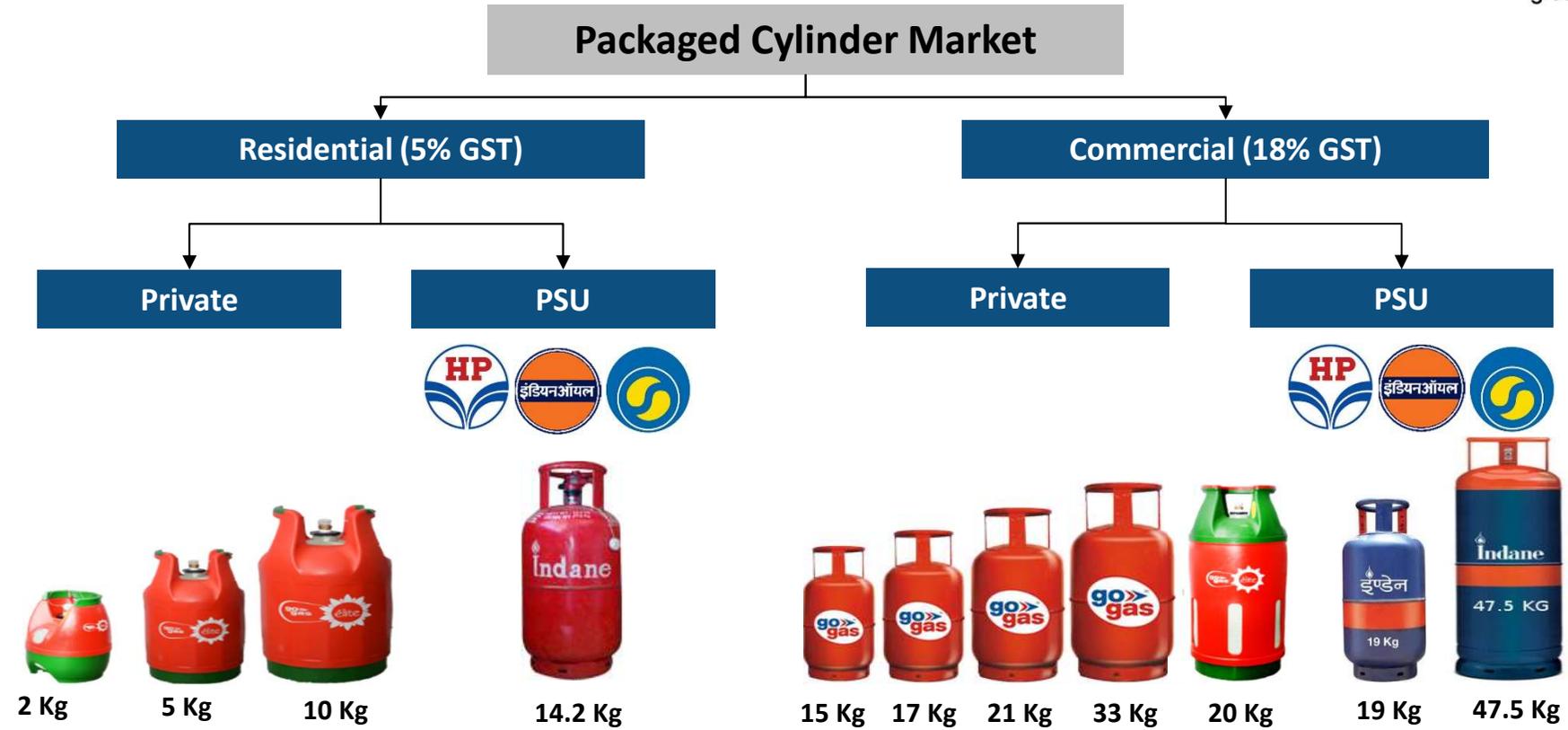


- Out of 58 bottling plant, 28 catered to PSU oil companies while remaining are used to cater industrial and commercial requirement
- The Company has plans of 15 new LPG bottling plants over the coming years, of which four new plants will come onstream at Ahmedabad, Kanpur, Jaipur and Belgaum by March 2019.
- 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



4B. Composite Cylinder: Leap Into The Future



4B. Composite Cylinder Demand Looks Strong



- Currently the composite cylinder is sold through the 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



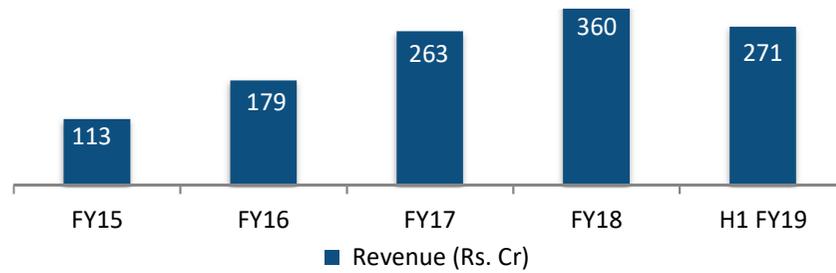
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FINANCIAL
RESULT

Results : Key Highlights (Segmental Revenue)

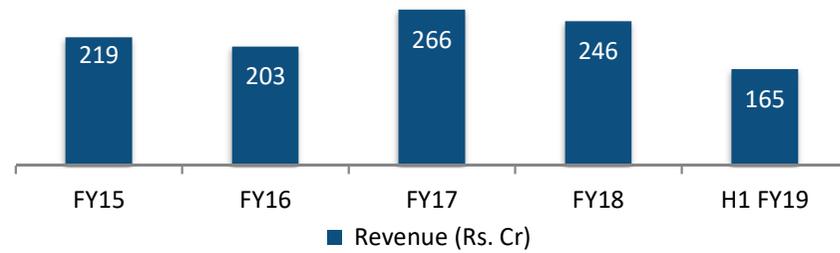


LPG distribution Division Revenue



- The LPG distribution division, contributed 63.36% to the revenue grew by 66% y-o-y, significantly improving the overall profitability due to volume growth and operational efficiencies
- Limited additional line set-up cost, capacity can be further expanded if needed
- Low capex business generates strong return ratios sustainably

Cylinder manufacturing Revenue



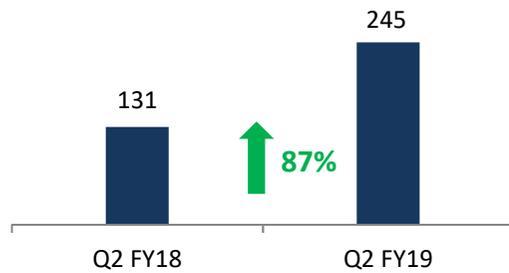
- Margin expected to improve further with improvement in capacity utilization
- Steel remains major cost component, over 60% of raw material cost is linked to steel price in India
- Higher Gross Margin with limited capital requirement will lead to improvement in return ratios
- Delay in allocation receipt lead to lower revenue for FY18, however this is expected to normalize going forward
- Sales is expected to accelerate further with higher disbursement of subsidized LPG cylinders under Ujjwala Scheme

Results : Key Highlights

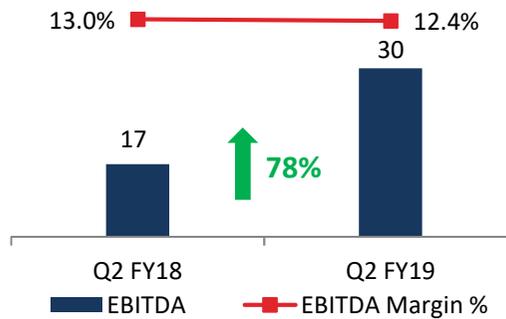


In Rs Cr

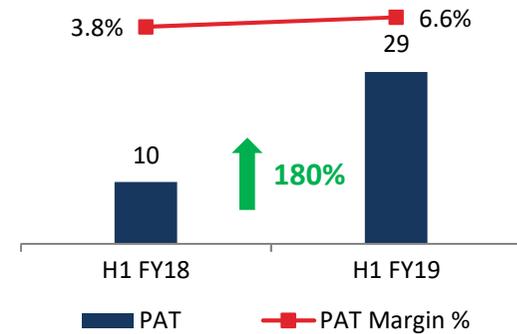
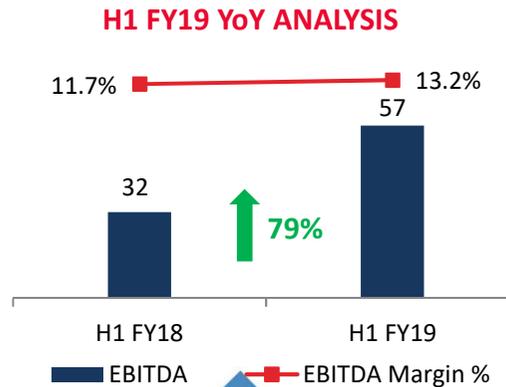
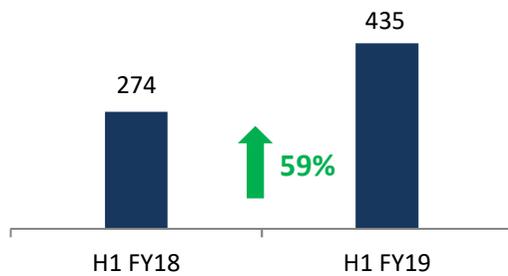
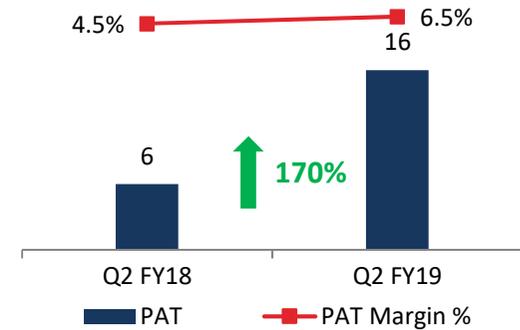
Revenue



EBITDA & EBITDA Margin (%)



PAT & PAT Margin (%)



Results : Key Highlights



- ❑ Revenue for Q2FY19 stands at **Rs 245cr, 87% higher** than corresponding previous quarter. Cylinder Manufacturing and LPG business contributed the 36% and 64% to Q2FY19 consolidated revenue.
- ❑ Q2FY19 EBITDA increased **by 79% YoY to Rs 27cr**, with a margin of 12.4%. The company has achieved 80% of FY18 EBITDA in H1FY19.
- ❑ Q2FY19 Net Profit stands at **Rs 16cr, 170% higher** than Q2FY18. The company has reported a Net Profit of Rs. 29cr in H1FY19, which is more than full year FY18 net profit of Rs. 27crs.
- ❑ Plan to set a nation-wide distribution network, primarily catering to urban household and HORECA.
- ❑ **144 Auto LPG stations** across India, of which **17** have been opened 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)	Q2 FY19	Q2 FY18	YoY%	H1 FY19	H1 FY18	YoY%
Revenue from Operations	245.4	131.0	87.3%	435.4	274.1	58.9%
COGS	187.6	90.5	107.3%	324.9	195.4	66.2%
Gross Profit	57.8	40.5	42.7%	110.6	78.7	40.6%
Gross Margin %	23.5%	30.9%	-736 bps	25.4%	28.7%	-331 bps
Employee Expenses	7.8	4.7	66.1%	15.5	9.3	67.5%
Other Expenses	19.5	18.7	4.5%	37.7	37.3	1.2%
EBITDA	30.4	17.1	78.1%	57.3	32.1	78.6%
EBITDA Margin %	12.4%	13.0%	-65 bps	13.2%	11.7%	145 bps
Depreciation	6.4	6.1	4.9%	12.7	12.2	3.7%
Finance Cost	2.7	3.0	-9.5%	5.4	6.1	-11.3%
Other Income	0.9	0.5	94.6%	1.5	1.0	59.7%
Profit Before Tax	22.3	8.5	161.9%	40.7	14.7	176.9%
Taxes	6.2	2.5	144.8%	11.9	4.4	171.0%
Profit After Tax	16.1	5.9	169.9%	28.8	10.3	179.8%
PAT Margin %	6.5%	4.5%	200 bps	6.6%	3.8%	286 bps
Profit After Tax post Minority	16.2	6.0	171.6%	29.3	10.3	184.6%

Consolidated Balance Sheet



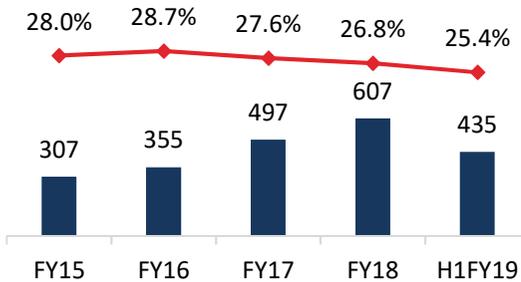
Particulars (Rs. in Cr.)	Sep-18	Mar-18	Particulars (Rs. in Cr)	Sep-18	Mar-18
Equity & Liabilities			Assets		
Shareholder's Funds	360.4	253.0	Non-Current Assets	364.5	311.6
Share Capital	27.4	25.9	Fixed Assets	296.1	243.1
Reserves & Surplus	333.0	227.1	Capital WIP	20.7	23.4
Non Controlling Interest	19.5	19.4	Financial Assets	43.4	40.9
Non-Current Liabilities	111.9	101.6	Other Intangible Assets	-	-
Long-term borrowings	34.4	30.8	Other Non-current assets	4.3	4.2
Deferred tax liabilities (Net)	12.3	11.3	Current Assets	223.0	164.4
Other long term liabilities	65.3	59.5	Inventories	50.7	61.4
Current Liabilities	95.6	102.0	Trade Receivables	67.2	62.2
Short-term Borrowings	47.3	50.3	Cash & Cash Equivalents	19.7	17.9
Trade Payables	27.7	28.5	Other Financial Assets	83.7	21.5
Other Current Liabilities	13.4	13.0	Other Current Assets	1.7	1.5
Short-term Provisions	7.3	10.2			
Total Equity & Liabilities	587.4	476.0	Total Assets	587.4	476.0

Financial Summary



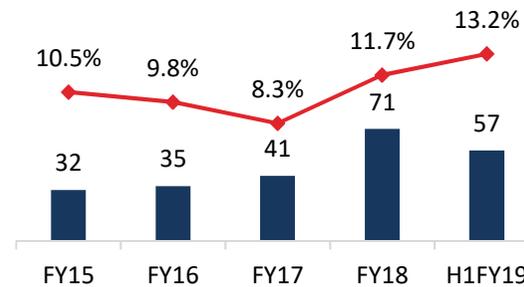
Revenues & Gross Margin

CAGR: 25%

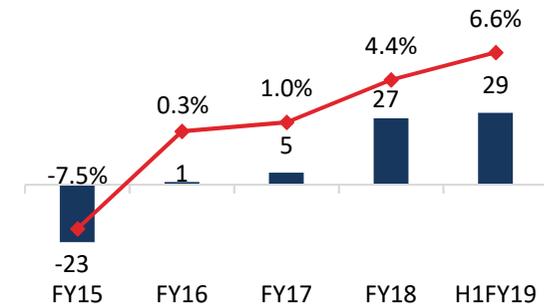


EBITDA & EBITDA Margin

CAGR: 30%



PAT & PAT Margin



- ❑ Confidence has recorded the consolidated revenue of Rs. 607cr in FY18, have grown at CAGR 25% over FY15 – FY18. During H1FY19, company has achieved >70% revenue of FY18.
- ❑ H1FY19 EBITDA stands at Rs. 57cr, which is 80% of FY18 EBITDA. It had grown at CAGR 30% over FY15 – FY18.
- ❑ During H1FY19 company has recorded the **PAT of Rs. 29cr, which is a 107% of PAT in FY18.**

THANK
YOU!



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