



CONFIDENCE PETROLEUM INDIA LTD.
ANNUAL REPORT
2011-12





Green Initiative

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with **M/s AJEL Limited**.

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ANNUAL GENERAL MEETING

Date : Saturday, September 29th, 2012

Time : 02.30 P.M.

Venue : Gala No. 1 1-12, First Floor,
Sita Estate, Vashi Naka,
Mahul Road, Next To RCF Police Station,
Chembur, Mumbai - 400074

Consolidated Accounts

Auditor's report
Balance sheet
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Significant accounting policies including
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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighteenth Annual General Meeting of the CONFIDENCE PETROLEUM INDIA LIMITED will be held at "Gala No. 11 -1 2, First Floor, Sita Estate, Vashi Naka, Mahul Road, Next To RCF Police Station, Chembur, Mumbai - 400074 on Saturday, the 29th September, 2012, at 02.30

ORDINARY BUSINESS:

1. *To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2012 and the Balance Sheet as on that date together with the Report of the Board of Directors and the Auditors thereon.*
2. *To appoint a Director in the place of Shri Nalin Khara who retires by rotation and is eligible for re-appointment.*
3. *To appoint a Director in the place of Shri Jitendra Jain, who retires by rotation and is eligible for re-appointment.*
4. *To appointment Statutory Auditors and fix their remuneration: To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution:*
'RESOLVED THAT, MIS. Bhandari & Associates, Chartered Accountants, be and are hereby re-appointed as the Statutory Auditors' of the company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting, on such remuneration as may be determined by the Board of Directors.'

NOTES:

1. *A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.*
2. *Members are requested to bring their attendance slip along with their copy of annual report to the meeting.*
3. *The Register of Members and Share Transfer Books of the company shall remain closed from 22-09-2012 to 29-09-2012 (both days inclusive).*
4. *The securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit*

the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Member holding shares in physical form can submit their PAN details to the Company/Registrars and Transfer Agents, M/s. AJEL Limited.

5. *Members are requested to notify their change of address, if any, to the Company's Registrar & Share Transfer Agent - **M/s. Ajel Limited**, 106, Link Plaza Commercial Complex Building, New Link Road, Oshiwara, Jogeshwari (West), Mumbai - 400102.*
6. *Members holding shares in single name may avail the nomination facility.*
7. *As required under the Listing Agreement, the particulars of Directors seeking appointment/ re-appointment as Director are given in the Annexure.*



ANNEXURE TO THE NOTICE

Brief resume of Directors proposed for **appointment / Re-appointment**

1. NALIN POONAMCHAND KHARA (MR.)
(S/o Late Shri POONAMCHAND KHARA)

Age 51
Education B.Com
Directors on Board of following Listed Companies

Name of Company : Confidence Petroleum India Limited

BSE Scrip Code : 526829

First Appointment date : 06/10/2008

Director Type : Executive Director

Independent Director : No

Brief Profile covering Experience, Achievements ***

Mr. Nalin Poonamchand Khara, a commerce graduate and a resident of Hyderabad. By profession he is a businessman and was assigned to look after the day-to-day activities of the Company. Under his leadership the unit performed very well. He has also expanded the business by setting up Bottling units at various places.

Directors on Board of following Un-Listed Companies/organizations

- 1) NNV FINANCE LIMITED
- 2) ENVY CYLINDERS PRIVATE LIMITED
- 3) AGRASEN STEEL TUBES PVT LTD
- 4) GASPOINT PETROLEUM (INDIA) LIMITED
- 5) KHARA SOFTWARE SERVICES LIMITED
- 6) UMA GASPOINT BOTTLING PRIVATE LIMITED
- 7) HEMKUNT PETROLEUM LIMITED
- 8) CONFIDENCE TECHNOLOGIES PRIVATE LIMITED
- 9) KEPPY INFRASTRUCTURE DEVELOPERS PRIVATE LIMITED
- 10) CONFIDENCE GO GAS LIMITED
- 11) CONFI ENERGTEK (ASIA) LIMITED

Name of Company : Confidence Petroleum India Limited

BSE Scrip Code : 526829

First Appointment date : 20/04/2004

Director Type : independent Director

Breif Profile covering Experience, Achievements ***

Mr. Jitendra Jain, aged 39 is an Independent Director of the company resident of Nagpur. By profession he is a Chartered Accountant. He had more than 12 years of Experience in LPG Cylinder as well as in Oil & Gas Industry. He is associated with Khara Group since 12 years.

Directors on Board of following Un-Listed Companies/organizations

- 1) COMBINED INFRA-PROJECTS PRIVATE LIMITED
- 2) SNJ FINANCIAL ADVISORY PRIVATE LIMITED

2. JITENDRA SURENDRA JAIN (MR.)
(S/o Late SHRI SURENDRA MATHOLAYLAL JAIN)

Age 39
Education B.Com, C.A (CHARTERED ACCOUNTANT)

Directors on Board of following Listed Companies

Directors' Report

To,
The Members
Confidence Petroleum India Limited,
B-13, Prabhu Kripa Society, Nanda Patkar Road,
Near Telephone Exchange,
Vile Parle (East), Mumbai - 400057

Your Directors have pleasure in presenting the 18th Annual Report of the Company, together with the audited accounts for the year ended 2011 - 2012. The summarized results for the year ended 31st March 2012 are as under:

Financial Results

The performance of the Company for the financial year ended 2011 - 12 is summarized below: -

Standalone Figures:-

Particulars	FY 2011-12 (Rs. In Crs)	FY 2010-11 (Rs. In Crs)
Turnover (including other income)	401.24	651.46
Net Profit / Loss Before Tax	4.46	66.25
Provision for tax	0.65	14.69
Deferred Tax	0.70	5.50
Net Profit / Loss after Tax	3.11	45.87

Auditors

M/S. Bhandari & Associates, the Statutory Auditors of the company, retires at the forthcoming Annual General Meeting and is eligible for re-appointment. The retiring auditors, having furnished a certificate of their eligibility for re-appointment under section 224(1 B) of the Companies Act, 1956 and have indicated their willingness to continue. The board recommends their reappointment.

Consolidated Financial Statements

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2011 - 12. From the Consolidated Profit and Loss Account, it may be observed that the Turnover fell by 48 per cent to Rs. 639.02 Crore as compared to Rs. 1153.18 Crore in the previous year. Similarly, profit after tax and after minority interest for the year was

Rs.7.21 Crore, lower by Rs. 55.69 Crore as compared to Rs. 62.91 Crore recorded in the previous year.

Internal Control System

The Company's internal control system comprises audit and compliance by in-house Internal Audit Division. The internal auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by the direct reporting of Internal Audit Division and internal Auditors to the Audit Committee of the Board.

Subsidiaries

In accordance with the general circular 02nd Dec 2011 Dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, for general exemption u/s 212 (8) of the Companies Act, 1956 the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the Subsidiary Companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Annual Accounts of the subsidiary Companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

Auditors' Report

The observations of Auditors in their report, read with the relevant notes to accounts, are self explanatory and do not require further explanation.

Particulars of Employees

There were no employees drawing salary more than the amount as provided under the provisions of Section 21 7(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

In terms of Section 21 7 (1) (e) of the Companies Act, 1956 and the rules made there under, relevant information about:



Energy conservation items : Nil
 Technology Absorption items : Nil
 Foreign Exchange earnings and Outgo : Earning of foreign Currency during The year is Nil and outgo is made under following head

Particulars	Rs. In Lacs
For Purchase of CNG Pipe and Raw materials	545.43
For Purchase of LPG Dispensers	28.27
For Investment in Equity of Foreign Subsidiary (PT Surya Go Gas, Indonesia)	24.53

Director's Responsibility Statement:

Pursuant to section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures,
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- The directors had prepared the annual accounts on a going concern basis.

contribution to the community in which it operates. At a time when global environmental issues are becoming more critical than ever, environmental protection is an obligation that any corporate citizen owes to Nature and to the society, for we have a duty to protect the home that we mutually share.

CPIL feels that it is good practice to devote a part of this financial annual report to a discussion of current developments, our approach to corporate social responsibility and the practical issues we shall focus on in the coming period. We measure the added value of 'CPIL' by more than just financial performance. Other issues are also important, including employment, health and safety, sponsorship of worthy causes, employee participation, energy and environmental and social issues. Besides focusing on the welfare of economically and socially deprived sections of society, CPIL also aims at developing techno-economically viable and environment-friendly products for the benefit of millions of consumers, while at the same time ensuring the highest standards of safety and environment protection in our operations.

Acknowledgement

Your directors wish to place on record their appreciation of the admirable support received from the company's bankers, employees and all other stakeholders connected with the company.

For and on behalf of the Board Director
Sd/-

Nitin Khara
Managing Director
Place: Nagpur

CORPORATE SOCIAL RESPONSIBILITY:

Corporate Social Responsibility (CSR) is the concept whereby organizations integrate social and environmental concerns into their business operations and into their interaction with their stakeholders on a voluntary basis. 'CPIL aims to be recognized as an organization that is transparent and ethical in all its dealings as well as making a positive



Financial Information of Subsidiary Companies
As on / for the year ended on 31st March, 2012

Sr. No.	Name of Subsidiary Company	Reporting Currency	Holding Company Interest	Holding in No. of Shares	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover/Total Income	Profit Before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1	Confidence Go Gas Limited	INR	100.00%	20000000	200.00	18.26	1277.89	1277.89	376.89	14017.52	5.54	0.65	4.89	0
2	Envy Cylinders Pvt Ltd.	INR	100.00%	16137970	161.38	5.19	945.60	945.60	38.72	3109.62	33.62	0.00	33.62	0
3	Laxminirnal Petrochemicals Pvt. Ltd.	INR	100.00%	40800000	408.00	(113.76)	345.53	345.53	0.00	0.00	(21.80)	0.00	(21.80)	0
4	Virendra Petrochemicals Pvt. Ltd.	INR	100.00%	23600000	236.00	(29.08)	376.43	376.43	0.00	0.00	(1.00)	0.00	(1.00)	0
5	Agwan Coach Private Limited	INR	100.00%	24535671	245.36	(93.85)	156.62	156.62	0.00	233.46	(3.09)	0.00	(3.09)	0
6	Keppy Infrastructure Developers Private Limited	INR	100.00%	2765000	27.65	(24.83)	132.73	132.73	0.00	110.23	(2.88)	0.00	(2.88)	0
7	Hemkunt Petroleum Limited	INR	100.00%	1230000	12.30	108.50	159.06	159.06	3.85	67.62	(2.02)	0.00	(2.02)	0
9	PT Surya Go Gas Indonesia	IDR	70.00%	175980000	2514.00	2823.84	6228.90	171.93	0.00	1428128.49	159332.60	38844.72	120487.88	0

Mumbai,
Dated : 30.05.2012

FOR AND ON BEHALF OF THE BOARD

(NITIN KHARA)
DIRECTOR

(ELES KHA)
DIRECTOR

Going Green



Financial Information of Subsidiary Companies
As on / for the year ended on 31st March, 2012

Sr. No.	Name of Subsidiary Company	Reporting Currency	Holding Company Interest	Holding in No. of Shares	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover/Total Income	Profit Before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
1	Confidence Go Gas Limited	INR	100.00%	20000000	200.00	18.26	1277.89	1277.89	376.89	14017.52	5.54	0.65	4.89	0	India
2	Envy Cylinders Pvt Ltd.	INR	100.00%	16137970	161.38	5.19	945.60	945.60	38.72	3109.62	33.62	0.00	33.62	0	India
3	Laxminirnal Petrochemicals Pvt. Ltd.	INR	100.00%	40800000	408.00	(113.76)	345.53	345.53	0.00	0.00	(21.80)	0.00	(21.80)	0	India
4	Virendra Petrochemicals Pvt. Ltd.	INR	100.00%	23600000	236.00	(29.08)	376.43	376.43	0.00	0.00	(1.00)	0.00	(1.00)	0	India
5	Agwan Coach Private Limited	INR	100.00%	24535671	245.36	(93.85)	156.62	156.62	0.00	233.46	(3.09)	0.00	(3.09)	0	India
6	Keppy Infrastructure Developers Private Limited	INR	100.00%	2765000	27.65	(24.83)	132.73	132.73	0.00	110.23	(2.88)	0.00	(2.88)	0	India
7	Hemkunt Petroleum Limited	INR	100.00%	1230000	12.30	108.50	159.06	159.06	3.85	67.62	(2.02)	0.00	(2.02)	0	India
9	PT Surya Go Gas Indonesia	IDR	70.00%	175980000	2514.00	2823.84	6228.90	171.93	0.00	1428128.49	159332.60	38844.72	120487.88	0	Indonesia

Mumbai,
Dated : 30.05.2012

FOR AND ON BEHALF OF THE BOARD

(NITIN KHARA)
DIRECTOR

(ELESH KHARA)
DIRECTOR

Management Discussion and Analysis

Forward-looking information includes, but is not limited to, reference to business strategy and goals, future capital and other expenditures, reserves and resources estimates, drilling plans, construction and repair activities, the submission of development plans, seismic activity, production levels and the sources of growth thereof, project development schedules and results, results of exploration activities and dates by which certain areas may be developed or may come on stream, royalties payable, financing and capital activities, contingent liabilities, and environmental matters. By its very nature, such forward looking information requires Company to make assumptions that may not materialize or that may not be accurate. This information is subject to known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such information.

INDUSTRY STRUCTURE AND DEVELOPMENT

As a significant catalyst in fuelling the growth of the Indian economy, the oil and gas sector presents a powerful scope for investors in the years to come. As energy demand grows, oil and gas companies will have a major role to play in meeting the rising demand. The Indian economy was one of the few bright spots with Gross Domestic Product (GDP) estimated to have grown at 8.5% during the year. Currently, India's total demand for the petroleum products is estimated at around 140 million tons per annum (MTPA). This creates a spare capacity of 48 MTPA at the refineries. The spare capacity will increase to around 90 MTPA. The domestic demand is expected to be around 142-143 million tons per annum. Demand for petroleum products rose by 4.4 per cent (year-on-year) to 144.35 million tons (MT) during the financial year 2011-12, (Figures released by the Petroleum Planning and Analysis Cell (PPAC)). Entailing an investment of US\$ 13.33-14.44 billion, India's petroleum refining capacities are expected to rise to 240 MTPA by 2012 from the current 188 MTPA. The

capacity addition would facilitate a boost in country's exports of petroleum products.

With an objective of Going concern, Company is investing its resources in core businesses across the integrated energy chain. The Company has developed, identified and executed projects while applying best practices that ensure superior project returns across a range of scenarios. It has delivered industry-leading financial and operating results that multiply long term shareholders value. The Company's operations continue to be mainly focused on procuring more contracts for manufacturing of cylinders for domestics & overseas market and filling Bottling of LPG cylinders for PSUs. Although competition will increase, 'CPIL', with their traditional strengths in the market is expected to keep growing.

LPG was introduced as a domestic fuel in the 1960s. Until the economic reform programs were put into operation, state-owned companies handled the entire production and marketing of LPG. The three sources of supplies were refineries, fractionation of associated gas from oil fields and imports. As of early 2000s, about half of domestic LPG production is based on crude oil and the other half comes from natural gas. The demand for LPG has grown from less than 200,000 tons in 1970-71 to about 5 MT in 2000. The average growth rate in demand has been around 12% annually. There are around 40 million LPG customers.

LPG possesses simple chemical structure which promotes clean burning with reduced levels of combustion by-products. The value of switching to LPG is self evident. It is with this health-oriented perspective that the Indian Government focused on the increased level of new LPG connections in upcoming years. LPG (called auto gas when used as an automotive fuel) is the most widely available and accepted alternative fuel for road transport. An extremely low penetration of natural gas vehicles in Asia and 2% for high-growth markets like India and China - signifies a growing opportunity, going forward. The year 2011-12 was an eventful year for the LPG Business. In many instances, LPG/ CNG fuel systems are fitted to vehicles as an aftermarket conversion, though in some markets, particularly in Asia, factory-built LPG vehicles represent a large and growing proportion of new vehicles. These characteristics have made LPG a popular fuel for domestic, commercial, industrial, agricultural and transport applications.



ALDS (Auto LPG Dispensing Station):

Following the de-regulation of petrol price, auto LPG, the greener and cheaper fuel is quietly making inroads in the auto fuel market. Today, Auto LPG is available in more than 350 Cities with a network of close to 900 Station across the country, which makes it the most widely available alternate fuel. This has encouraged an increasing number of vehicle owners to convert to Auto LPG, an economical & environment friendly fuel, paving way for India to become one of the leading Auto LPG markets of the world in the next few years. India is estimated to have 1.6 million vehicles run on Auto LPG.

Confidence through its 100% subsidiary 'Confidence Go Gas Ltd' has entered into long term agreement to supply LPG to major multinational companies for automobiles in India.

"CPIL has setup 99 Auto LPG Dispensing Station (ALDS) across the Country. The Company in also focusing to establish 500 Auto LPG dispensing Station (ALDS) across India in upcoming years."

INTERNATIONAL TRADE:

In financial year 2011-12, Company has implemented their expansion plan in India as well as in overseas. The Company has established new Bottling plant in overseas Market in Indonesia as PT MULTI ARTHA MANDIRI, a subsidiary of P. T. SURYA GO GAS, INDONESIA, which is a subsidiary of Confidence. This new contract will materially increase Company's resources base and provide Company with the new platform to grow its exploration and production business while simultaneously enhancing its ability to operate unconventional resource projects in the future.

OPPORTUNITIES AND THREATS:

India's GDP is expected to grow at a healthy rate in the coming years. As energy demand grows, oil and gas companies will have a major role to play in meeting the rising demand. The Government of India has ambitious plans of giving a big push for making available LPG in rural areas. This will offer significant potential to the oil companies for enhancing their sales volumes. Confidence also continues to strive for maximizing value through increased sales of commercial LPG where prices are decontrolled. As per the policies implemented

by Government, 100 per cent FDI is allowed for petroleum products and pipeline sector as well as natural gas/LNG pipeline, for infrastructure related to marketing of petroleum products, market study of formulation and investment financing. With this, we are planning to enter into business of pipeline sector.

RISKS AND CONCERNS:

In the oil & gas business, development operations present technological challenges and operating risks. The challenge for the Company is to ensure optimum level of production, safe and reliable operations while maintaining the highest level of health, safety and environment standards. High safety standards were maintained during the year leading to good all round safety performance. CPIL continued to adopt a holistic approach on Workplace Health, Safety, Security and Environment as prime areas with a view to achieve sustainable performance.

INTERNAL CONTROL SYSTEMS:

Company has a system of internal controls to ensure optimum utilization and protection of resources, IT security, speedy and accurate reporting of financial transactions and compliance with applicable laws and regulations, as also internal policies and procedures. The internal audit committees empowered to examine the adequacy and compliance with policies, plans and statutory requirements. Audit reports, significant risk area assessment and adequacy of internal controls are also periodically reviewed by the Audit Committee through meetings held with Management, Internal Audit and the Statutory Auditors.

HUMAN RESOURCES DEVELOPMENT

It is CPIL's continued attempt to enhance its growth through the effective development of its human resources. The Company has emphasized on the need for the skills and knowledge to successfully meet its requirements. The Company continues to focus on training its employees on a continuous basis both on the job and through training programmes to help them face business/industrial challenges.

Company's Philosophy on Corporate Governance:

Corporate Governance essentially is the system by which companies are directed and controlled by the