

ANNUAL REPORT-2013-14

CONFIDENCE PETROLEUM INDIA LIMITED



20TH ANNUAL GENERAL MEETING

Date : Tuesday, September 30th, 2014

Time : 02.30 P.M.

Venue : Gala No. 11-12, First Floor, Sita Estate, Vashi Naka, Mahul Road, Next To RCF Police Station,
Chembur, Mumbai – 400074

CONTENT

SR. NO	PARTICULARS	PAGE NO.
01.	Green initiative & forward looking statement	03
02.	Confidence in Brief	04
03.	Corporate Information	08
04.	Chairman's Message	10
05.	Notice and Explanatory Statement	12
06.	Directors' Report	25
07.	Financial Information of Subsidiaries Companies	30
08.	Details of the Directors seeking appointment/re-appointment	31
09.	CEO Certification under clause-49 of listing Agreement	32
10.	Declaration By The Managing Director Under Clause 49	33
11.	Auditors' Certificate on Corporate Governance	34
12.	Management Discussion And Analysis	35
13.	Corporate Governance Report	39
14.	Independent audit report	47
15.	Standalone Financial Statement	52
16.	Consolidated Financial Statement	74
17.	Attendance Slip	91
18.	Proxy Form	92

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 Adroit Corporate Services Private Limited.

FORWARD LOOKING STATEMENT

We have disclosed certain forward-looking information in this annual report to enable investors about the future prospects of the company and to take informed investment decisions. The forward-looking statements are based on management's current expectations and assumptions regarding the Company's business and performance, the economy and other future conditions and forecasts of future events, circumstances and results. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. The Company's actual results may vary materially from those expressed or implied in its forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

“ CONFIDENCE IN BRIEF ”

Confidence Petroleum India Limited (“CPIL”) is a BSE listed company incorporated in 21st July 1994 & completed its successful 20 years in this year. CPIL by virtue of its entrepreneurial skills, innovative strategies and seamless execution, is emerging as one of the fastest growing and leading private sector organization in India. The group has diversified business interests in the fuel sector with significant presence in the LPG Energy. Keeping space with the nation’s energy requirements, the company is constantly fueling its growth and has emerged as India’s leading LPG bottler & LPG cylinder manufacturing company. The Group has successfully set up around 90 ALDS of its own and 200 more will be set up in near future itself. The Group has made its presence overseas through its joint venture in Indonesia with Two Bottling Plant. The Group’s prime clientele are Nation’s Navratna PSU Oil Companies viz. Hindustan Petroleum Corporation Limited, Bharat Petroleum Corporation Limited & Indian Oil Corporation Limited and a large number of private sector clientele, which include country’s giant industrial houses like Reliance, Shell etc.

The Company together with its subsidiaries and jointly controlled entities produced following products

1. LPG CYLINDER MANUFACTURING



India uses domestic LPG majorly through LPG Cylinders only. All the major LPG companies have a network of dealers to service the domestic end-user. It is estimated that the domestic customer base is going to increase many fold due to policy decision taken by Petroleum ministry to expand the reach of domestic LPG distribution network to rural part. With the expanded customer base, the requirement of Domestic LPG Cylinders is also going to grow multifold. As one of the largest LPG Cylinder manufacturer of India, Confidence group enjoys a responsible reputation of delivering Quality products across the nation to various LPG redistributors of India.

Our cylinder manufacturing process ensures the best quality material combined with superior workmanship. We have implemented state of the art testing & quality measures within our plants. Right from the raw material to the workmanship and the essential pressure testing, every stage of the final product is monitored for excellence & safety. Besides our in house quality assurance measures, our cylinders confirm’s to Local & international standards. Any cylinder which rolls out of

our plants confirms to the standard laid by BIS (Bureau of Indian Standard) and CCOE (Chief Controller of Explosive).

With solid 20 years consistent experience we cater to Our Major customers like Oil Majors Bharat petroleum, Hindustan Petroleum, Indian Oil, and private players like Reliance, Shell etc.

With 8 manufacturing units in operation, Confidence LPG Cylinder manufacturing facility produces 4-14 Kg - Domestic Cylinder, 15 -17 Kg - Commercial Cylinders, 21-35 Kg Special purpose/ Auto LPG Cylinders.

2. AUTO LPG DISPENSING STATIONS

Auto LPG has very soon become an alternative fuel for petrol which is very highly priced and results in considerable savings for its users as compared to petrol LPG is around 35% cheaper fuel and its conversion cost (One time) is also very low. When compared to other fuel CNG which are not transportable easily (CNG can be transported through pipelines only LPG offers better alternative). With rise in number of people opting for LPG driven vehicles this segment offers a very good opportunity of business and looking at this Confidence Group has undertaken to enter this ever growing segment. Further various state government are implementing pollution control drives under which LPG driven public transport like autos/taxis are making this segment a star.

Company under its brand name Go Gas is supplying and marketing Auto LPG all over India. As the name signifies, you can GO to everywhere by means of GAS as fuel.

- Go Gas has instituted 90 auto LPG dispensing stations spanning across pan India. The team aims to setup 200 stations in the near future

Go Gas is :

- Economical: 35-40% cost saving in comparison to petrol
- Efficient: Improves engine life and reduces recurring maintenance costs.
- Easy: trouble-free conversion of petrol/diesel vehicles to run on Go Gas using auto LPG conversion kits.

3. LPG BOTTLING SERVICE



Confidence Group has installed more than 50 bottling plants in 19 states at strategic locations. Many of these bottling plants are currently used by Oil major PSUs to cater their growing demand of LPG

and help to reduce transportation cost and reduces the time measures which ultimately benefit to society and nation.

4. PACKED CYLINDER / GO GAS



Under this segment LPG is being bottled and supplied to commercial establishments/ hotels/ domestic / industrial consumers. Though company was in this segment earlier also but could not perform because very high subsidy available on domestic LPG cylinders which has been now controlled by putting a cap of 12 LPG cylinders per annum per household.

The company is making good business through its good network of dealers & distributors.

5. CNG & HIGH PRESSURE CYLINDER



Confidence Petroleum's high pressure cylinder manufacturing facility is spread across 10 acres of land in Vishakhapatnam SEZ and is equipped with the state of the art machinery. The manufacturing process complies with international standards. The production capacity is 300,000 cylinders per annum.

The range manufactured at the Vizag plant will have all the regular sizes & standard requirements used in India & International market. The Vizag Plant also has capability to provide complete range of High pressure cylinders for various applications like Medical Oxygen, Industrial Gases, Nitrogen cylinders, and cylinders for other Hi Pressure gases.

6. LPG & CNG METERS



The Company is providing metering solutions for piped gas supply chain. The Group has tie up with leading Chinese firm for providing hardware & metering solutions for LPG / PNG in multistory buildings and townships.

OUR VISION

We are committed to the safety and satisfaction of our customers by understanding their requirements and to supply them with world class quality products through continuous innovation.

- Making environment friendly fuels available at every doorstep in safest manner.
- Become the pioneer in alternate eco-friendly fuel provision for the nation.
- By Providing Clean, Pollution Free Energy Sources At An Economical Price.

In India, Pollution has become a matter of grave concern and vehicular pollution had aggravated this. The Auto LPG segment that Your company is engaged in provide's cleaner fuel at economical price with connivance in accessibility.

Our Vision "To assist India in making itself a pollution free country And To Serve The Mankind By Providing cleaner and cheaper fuel accessible to all"

CORPORATE INFORMATION

PARTICULARS	DETAILS
CIN	L40200MH1994PLC079766
DATE OF INCORPORATION	21/07/1994
REGISTRATION NO.	11-079766
REGISTERED OFFICE ADD	B-13, Prabhu Kripa Society, Nanda Patkar Road, Near Telephone Exchange, Vile Parle (East), Mumbai- 400057
CORPORATE OFFICE ADD	404, Satyam Apartment, 8 Wardha Road Dhantoli, Nagpur-440012 (M.S.)
E- MAIL ID	cs@confidencegroup.co
TEL . NO.	(0712)-3250318/ 3250319
FAX	(0712) – 6612083
BOARD OF DIRECTORS	Mr. Nitin Khara - Chairman-Managing Director & CEO
	Mr. Elesh Khara - Executive Director & CFO
	Mr. Nalin Khara - Executive Director
	Mr. Sumant Sutaria- Independent Director
	Mr. Ashish Bilakhiya- Independent Director
	Mr. Jigar Vora- Independent Director
AUDIT COMMITTEE	Mr. Sumant Sutaria- Chairman
	Mr. Ashish Bilakhiya- Member
	Mr. Elesh Khara – Member
REMUNERATION COMMITTEE	Mr. Ashish Bilakhiya- Chairman
	Mr. Nalin Khara – Member
	Mr. Sumant Sutaria- Member

SHAREHOLDERS AND INVESTORS GRIEVANCE & TRANSFER COMMITTEE	Mr. Jigar Vora- Chairman
	Mr. Nitin Khara – Member
	Mr. Ashish Bilakhiya- Member
MANAGEMENT COMMITTEE	Mr. Nitin Khara – Chairman
	Mr. Elesh Khara – Member
	Mr. Jigar Vora- Member
AUDITORS	L. R. Bhandari
	M/s. Bhandari & associates
	Mumbai.
INTERNAL AUDITOR	In House Internal Audit Team
BANKERS	ICICI BANK LIMITED
REGISTRAR & SHARE TRANSFER GENT	<p>Adroit Corporate Services Pvt.Ltd. 17-20, Jafferbhoy Ind. Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai 400059, India Tel: +91 (0) 22 42270400 Direct: +91 (0)22 42270423 Fax: +91 (0)22 28503748 (w.r.f. 13/08/2014)</p> <p>Previously AJEL Limited 106, Madha Commercial Complex, 2nd floor, Near Oshiwara Police Station, Jogeshwari (W), Mumbai-440102</p>

CHAIRMAN'S MESSAGE



Dear Shareholders,

On behalf of the Board of Directors of your Company, Confidence Petroleum India Limited I am pleased to address you the completion of another year of significant progress and achievements.

Your Company has completed 20 glorious years of existence in July 2014 & is moving with an aim of many more successful years in future. We have continued to be one of the largest Cylinder Manufacturers in India & one of the leading company in the field of Auto LPG. Year 2013-14 was a challenging year for the management of the company due to adverse market conditions & uncertainty of our economy. In spite of all the hurdles, our production was consistent & the company was able to sustain bottom line (profit) in spite of drop in top line (turnover).

The year was hit by drastic fall in production/turnover of LPG cylinder, reasons being non availability of cheap raw-material throughout the year as steel market was also hit by recession but it did not reduced its prices. However due to a good administration and various cost cutting measures we were able to sustain our performance. Further in the ensuing year we are expecting a turn around by tie -up with various supply chain for progressive growth.

The performance of company in LPG Trading/Auto LPG division was appreciable owing to start up of some new stations/pumps and closure of unproductive stations/pumps .

The company is expecting good business in the coming years due to the implementation of government schemes, structure & demand. Your company being one of the leading player in the field of Auto LPG and has more than 90 Auto LPG dispensing stations (ALDS) & more than 50 Bottling plants across Pan India . Despite of the unfavorable economic conditions, your company was able to maintain its stability in the market due to various cost cutting techniques & maintain a stable margin on our products. To back the needs of our ALDS & Bottling plants we have our own fleet of around 40 nos. of road tankers with a combined load movement capacity of about 500 tons per day which will work in our favor as per our business expansion plans. Apart from our Indian