



# ALDS Project Profile



**INDIAN AUTOGAS COMPANY LIMITED**

**“ AUTOLPG BHAVAN ”**

**#3/88, Mount Poonamallee Road, Ramapuram, Chennai – 600 089.**

# Indian AUTOgas

## Pioneers in Autogas Industry

### ***Background***

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Indian Autogas Company, a public limited company at Chennai, is the pioneer in autogas industry and is working for the last 13 years, managed by professionals and technocrats.

### ***Objectives***

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The main object of the company is to promote AutoLPG and other green fuels in India by encouraging the business of Autogas dispensing and gas conversion to create a mature market platform for the company to play. As the leader, we propose to provide dispensing stations all over India to cater the gas converted vehicles and arrange to supply LPG primarily and later other fuels as well in phases.

### ***History***

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The government of India approved the company to proceed on trial of Autogas on 06/05/1999. After a lot of trial and R&D, the government of India permitted us to enter into AutoLPG business in 2003. The company was awaiting an opportune time to enter into the market, which has ripened. Our first AutoLPG dispensing station (ALDS) was commissioned in the month of May 2006 and others followed.

- The regional office at Hyderabad started its function on 14-09-2006.
- The regional office at Mumbai started its function on 21-05-2007.
- The regional office at Bangalore started its function on 01-09-2007.
- The maintenance wing started at erode on 01-09-2007.
- The maintenance wing started at Karimnagar on 18-06-2008.
- The maintenance wing started at Chennai on 09-05-2007.
- The maintenance wing started at Bangalore on 01-09-2007.
- The maintenance wing started at Hyderabad on 01-06-2007.
- The maintenance wing started at Salem on 11-09-2008.
- The company owned ALDS at Salem started on 21-09-2008.

### ***Vision 1000***

#### ***Present Scenario***

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This is time to create Auto LPG Dispensing Stations, as the Government of India has come forward with progressive proposals, enacted laws and rules to promote LPG/CNG as ideal fuel considering the advantages on cleanliness, eco-friendliness and universal availability besides the cost factor. While it has become mandatory to use LPG/CNG as fuel in New Delhi and Mumbai for public vehicles such as buses, trucks, vans, auto rickshaws, taxies, etc., a huge number of private-owned vehicles are also running with LPG/CNG in these metros and other metros as well. Now it is mandatory to use Auto LPG/CNG in other cities such as Hyderabad and Bangalore, etc. Soon it will be mandatory to use

LPG/CNG as auto fuel in other cities like Chennai, Kolkata, other state capitals, major cities and towns. In Chennai the new permits for auto rickshaws will be issued only for the autos which run on LPG. Govt. of T.N. introduced subsidy scheme for the fixation of Auto LKPG kits in Auto Rickshaws. Petrol-based autos will not be permitted anymore in major cities. Two wheeler kits also introduced. Tamil Nadu and Karnataka Government are in the process of introducing Gas business in their cities.

### ***Auto LPG Market***

The above factors have opened a new vista in automobile sector, added to it, many of the automobile giants like Maruti, Hindustan Motors, Hyundai, Ford, GM, Bajaj, TATA, Leyland, Swaraj Mazda, etc., have started manufacturing Auto LPG/CNG operated vehicles as OEM. Once the availability of more ALDS network are established – Which is expected to happen within the next two years- there will be a spurt for conversion to Auto LPG.

India produces about 61 lakhs of vehicles and with the entering of new international players from Japan, Italy, Germany, France, etc., market will be flooded with more varieties of vehicles in petrol. This will lead to an increase in conversion to AutoLPG, which will create more demand for AutoLPG stations. The most expected vehicle Nano also will be delivered with petrol engine at first and gas and then diesel. A proposal of using LPG in existing diesel engine is also in consideration.

The usage of domestic cylinders in automotive vehicles is prohibited by law, and it will be effectively enforced wherever the ALDS are installed, and the gas-based vehicles are compelled to go in for the LPG version with fitted tank.

From the above, it is found that a ready demand exists for AutoLPG which will see tremendous increase in the years to come.

As per a survey in India, 18, 00,000 number of petrol cars have already been converted to LPG. These cars are running on LPG using the commercial and domestic cylinders. Assuming that a car in India runs approximately 10,000 km in a year, it needs 1,000 liters of LPG, which shows that the present consumption of AutoLPG is  $18,00,000 \times 1,000 = 1,80,00,00,000$  i.e. 18,00,000 Kilo liters of LPG per annum.

### ***The viability***

Present requirement of AutoLPG is 1,80,00,00,000 liters, i.e. 18, 00,000 Kilo liters per annum, or 5,145 Kilo liters per day.

The viable level of supply of one dispensing station will be 1,500 liters (1.5 KL) per day. Hence at the present stage, India needs approximately 3,400 ALDS to cater to the existing market.

Since the two wheeler manufacturers Bajaj and Hero Honda and the kit manufacturer got approval for major two wheeler models already introduced LPG version the future in the two wheeler ALPG market will be promising. Further, in India, 70,000 new petrol/LPG driven cars roll on to the streets every month; and there is an increase in AutoLPG conversion of around 30,000 cars, apart from autos, vans, trucks and buses. For catering to this new conversion another 28 new ALDS per month is required. But only 600 ALDS are available today and the rate of commissioning of new stations are just 7 per month.

### ***Profitability of franchisee***

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We have designed different type of ALDS which can be selected based on the market potential viability and technical requirement in that area. The time required to complete the project with all approvals including commissioning will be 90/120 days. The station will start earning from the day one and the investment can be recovered within 30 months with a steady income to bear the interest, overheads, etc. apart from profit. Whereas the installed capacity of the ALDS is about 10,000 liters per day. The optimum level is rated at 8,000 liters per day. And when this is exceeded, steady growth is achieved fastly, thereafter minimizing the period of recovering the investment.

### ***Distribution of AutoLPG***

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Indian Autogas company will import/produce/buy AutoLPG and store the same in storage terminals. From the terminals, the LPG is transported through tanker trucks and stored at the state inland storage/manufacturing plants.

The entire distribution operation will be computerized in due course and the entire operation will be carried out with Hi technology. This software will be installed in every ALDS and will be connected with telecommunication network. The stock position of every ALDS will be automatically reported at the central system. This will enable the company to provide world-class automated service to its clients at appropriate time.

### ***Financial arrangements***

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The ALDS project was approved and financed by Andhra Pradesh state finance corporation (APSFC), union bank of India, SIDBI, Canara Bank, Indian bank, Tamilnadu mercantile bank, state bank of Hyderabad and state bank of Travancore and KVB bank. The other financial institutions and banks are also showing interest to finance the projects based on the interest of the Franchisees/Operators. The company will assist the Franchisees/Operators in getting the financial assistance from institutions by preparing the project reports and projections.

This ALDS project is already appraised and cleared by ITCOT as it is feasible techno commercially. ITCOT is a Joint venture institution of ICICI, IDBI, IFCI, SIPCOT, TIIC, SIDCO and Other banks. This will facilitate other banks to have an easy clearance of financial assistance to our franchisees.

### ***Special features of Indian Autogas Company***

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- Higher margin to the Franchisees/Dealers.
- Best technology and equipment.
- Assistance in finance arrangement.
- Training to operators.
- Commissioning within 90/120 days.
- ALDS all over the country.
- Best logistics planning.
- Lesser investment.
- Cordial contacts.
- Prompt after sales service.

### ***Pre-requisites for Franchisees/Operators***

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- Indian Citizen or NRI.
- Person without criminal records.
- Respectable citizen in the area.
- Own or arrange a leased land to the size of 8,500 sq.ft with a frontage of at least 85 feet in urban areas and 10,000 sq.ft with a frontage of 105 feet in National Highways within a month from the date of letter of intent from the company.
- Good knowledge in social safety.
- Person with entrepreneurship.

### ***Statutory approvals required for an ALDS***

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- CCOE approval and licensing.
- Approvals from District Magistrate/Collector.
- Agreement from NHA if the land is on National Highway.

### ***Conclusion***

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The future fuel is Autogas only. Fuel business will never diminish. As the Autogas business is promising good returns, enterprising businessmen can venture into the horizon and grow with the growing concern.

<b>COMPANY OWNED DEALER OPERATED ( CODO )</b>		
<b>S.No</b>	<b>Description</b>	
1	Operators investment	35,00,000
2	Commission per liter	Rs -2/-
3	Plant and Machinery	Company
4	Land lease to company	29 years
5	Civil work	Company
6	NOC from Collector	Operator
7	NOC from NH	Operator
8	E.B Deposit	Company
9	Required Land limit	Up to 2 Km from City/Town limit
10	Status of the land	Leveled with compound wall

<b>DEALER OWNED DEALER OPERATED ( DODO )</b>			
<b>S.No</b>	<b>Description</b>	<b>20 KL Tank</b>	<b>10 KL Tank</b>
1	Franchisee Fee	3,00,000	3,00,000
2	Commission Per liter	Rs 2/-	Rs 2/-
3	Plant and Machinery	42,00,000	35,00,000
4	Civil Work	Franchisee	Franchisee
5	NOC from Collector	Franchisee	Franchisee
6	NOC from NH	Franchisee	Franchisee
7	Location of Land	Urban and Rural areas	Urban and Rural areas

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