

IPO Note



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***IRM Energy
Limited***

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ABOUT COMPANY:

- IRM Energy Limited ("IRMEL")** is a City Gas Distribution ("CGD") company in India. Co-promoted by **Cadila Pharmaceuticals**.
- The company develop natural gas distribution projects in the Geographical Areas ("GAs") allotted to them. **The company is involved in developing, operating, and expanding of local natural gas distribution network. IRM Energy is a value-driven energy enterprise serving to industrial, commercial, domestic and automobile customers.**
- The company has successfully built a customer distribution network for PNG and CNG. The company operates at Banaskantha (Gujarat), Fatehgarh Sahib (Punjab), Diu & Gir Somnath (Union Territory of Daman and Diu/Gujarat), and Namakkal & Tiruchirappalli (Tamil Nadu), and is engaged in the business of laying, building, operating, and expanding the city or local natural gas distribution network.
- The company supply natural gas to 2 primary set of customer segments:
 - CNG (Compressed Natural Gas):** Their customers include operators of public transport vehicles such as taxis, auto-rickshaws, and private vehicles such as cars, buses, light goods vehicles, and heavy goods vehicles.
 - PNG (Piped Natural Gas):** The PNG customers are broadly classified into 3 segments, which are, industrial PNG (small, medium and large-sized enterprises), commercial PNG (such as hotels, restaurants, bakeries, hostels and community halls) and domestic PNG (predominantly using PNG as cooking gas).
- As on June 30, 2023, it had 52,454 domestic customers, 269 commercial customers and 184 industrial customers.** Thus, the company has established its creditability in terms of efficient operational management, stakeholder management and supply-chain risk management.
- After receiving authorisation for Diu and Gir Somnath GA in Gujarat in the 9th round and Namakkal and Tiruchirappalli districts in the 11th round, the company expanded its presence from 2 to 4 GAs.**

ISSUE BREAK-UP

Investor	No. of Eq Shares	₹ In Cr		% of Allocation
		@Lower	@upper	
QIB	5,292,000	254.02	267.25	50%
NIB	1,587,600	76.20	80.17	15%
-NII 1	1,058,400	50.80	53.45	-
-NII 2	529,200	25.40	26.72	-
Retail	3,704,400	177.81	187.07	35%
Emp Resv	216,000	9.33	9.87	
Total	10,800,000	517.36	544.36	100%

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

Anchor Bid on: Tuesday, 17th October 2023
Issue opens on: Wednesday, 18th October 2023
Issue closes on: Friday, 20th October 2023

Issue Details	Fresh Issue of up to 10,800,000 Equity Shares
Face value:	₹ 10/-
Price band:	₹ 480 – 505
Bid Lot:	29 Eq. Shares and in multiple thereof
Post Issue Implied Market Cap:	₹ 1,970 - 2,072 Cr
Issue size:	₹ 517 - 544 Cr
Emp Discount	₹ 48/- Per Share
Emp Reserve	216,000 Eq. Shares
BRLM	HDFC Bank, BOB Capital Markets
Registrar:	Link Intime Pvt Ltd
Listing On	BSE & NSE

INDICATIVE TIMETABLE:

Activity	On or about
Finalization of Basis of Allotment	26-10-2023
Refunds/Unblocking ASBA Fund	27-10-2023
Credit of equity shares to DP A/c	30-10-2023
Trading commences	31-10-2023

SHAREHOLDING (APPROX. NO. OF SHARES):

Pre Issue	Post Issue
30, 259,677	41,059,677

~@Lower price Band ^@ Upper Price Band

SHAREHOLDING PATTERN(%)

Particulars	Pre-Issue	Post-Issue
Promoters – Cadila Pharma	49.50%	36.48%
Promoters - Others	18.44%	13.59%
Public - Shizuoka Gas Co Ltd	2.94%	2.17%
Public - Others	29.12%	47.76%
Total	100.00%	100.00%

MINIMUM BIDS APPLICATION:

Category	Retail Category	NII-Bid between ₹ 2 - 10 Lakhs	NII – Bid Above ₹ 10 Lakhs
Minimum Bid Lot (Shares)	29 Shares	406 Shares	2,001 Shares
Minimum Bid Lot Amount (₹)	₹ 14,645^	₹ 2,05,030^	₹ 10,10,505
No. Of Applications For 1x	1,27,738 Applications	1,303 Applications	2,607 Application

BACKGROUND:

Company and Directors

The Company was originally incorporated as 'IRM Energy Private Limited' on December 1, 2015. The company was promoted by Dr. Rajiv Indravadan Modi, Cadila Pharmaceuticals Ltd, and IRM Trust. Currently, Promoters hold 20,558,773 Equity Shares, aggregating to 67.94% of the pre-Issue, issued, subscribed and paid-up Equity Share capital of the company. Also, Cadila Pharmaceuticals holds 34,999,432 Redeemable Non- Cumulative Preference Shares ("RPS") Shares of the company.

OBJECT OF THE ISSUE :

Objects	Amount (₹ Cr)
Funding capital expenditure requirements for development of the City Gas Distribution network in the Geographical Areas of Namakkal and Tiruchirappalli (Tamil Nadu) in Fiscal 2024, 2025, 2026 and 2027	307.26
Prepayment or repayment of all or a portion of certain outstanding borrowings availed by the company	135
General Corporate Purposes	[·]
Total	[·]

KEY FINANCIALS:

(₹ in Cr)

	As at Jun'30,		As at Mar' 31,		
	2023 (03)	2022 (03)	2023 (12)	2022 (12)	2021 (12)
Share Capital	30.26	29.37	30.26	29.37	29.00
Reserves	343.07	234.90	316.16	214.35	88.61
Net Worth	373.33	264.27	346.42	243.72	117.60
Revenue from Operation	245.25	230.27	1,039.14	546.14	211.81
Revenue Growth (%)	6.51%	-	90.27%	157.84%	-
EBITDA	41.14	34.69	118.94	200.90	72.97
EBITDA Margin (%)	17.88%	16.16%	12.14%	39.61%	38.49%
Profit before Tax	33.64	23.27	74.40	152.36	46.09
Net Profit for the period	26.91	20.54	63.15	128.03	34.89
EPS – Basic & Diluted (₹)	8.89^	7.00^	20.93	43.88	12.39
RONW (%) as stated	7.21%^	7.77%^	18.23%	52.53%	29.67%
Net Asset Value (₹) as stated	123.38	89.98	114.48	82.98	40.55
ROE (%) as stated	7.21%	7.77%	18.23%	52.53%	29.67%

Source: RHP; *Restated Consolidated, ^ not annualised

SHAREHOLDING PATTERN

Shareholders	Pre-offer		Fresh Issue and No. of Shares Offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter – Cadila Pharmaceuticals	14,978,535	49.50%		14,978,535	36.48%
Promoter - Others	5,580,238	18.44%		5,580,238	13.59%
Total for Promoter and Promoter Group	20,558,773	67.94%		20,558,773	50.07%
Public – Shizuoka Gas Co Ltd	890,000	2.94%		890,000	2.17%
Public - Others	8,810,904	29.12%	10,800,000	16,910,904	47.76%
Total for Public Shareholders	9,700,904	32.06%	10,800,000	20,500,904	49.93%
Total Equity Share Capital	30,259,677	100.00%	10,800,000	41,059,677	100.00%

* Shares at Upper Band

COMPANY OPERATES IN :



CNG Station



PNG Domestic



PNG Commercial

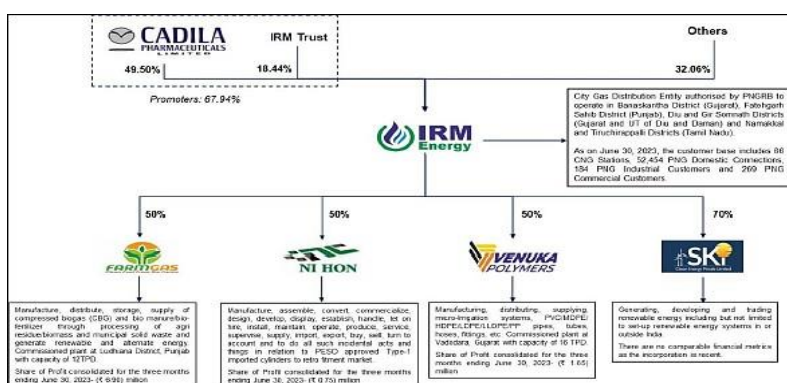


PNG Industry

BUSINESS OVERVIEW:

IRM Energy Limited ("IRMEL") is a City Gas Distribution ("CGD") company in India, with operations at Banaskantha (Gujarat), Fatehgarh Sahib (Punjab), Diu & Gir Somnath (Union Territory of Daman and Diu/Gujarat), and Namakkal & Tiruchirappalli (Tamil Nadu), engaged in the business of laying, building, operating, and expanding the city or local natural gas distribution network.

They develop natural gas distribution projects in the Geographical Areas ("GAs") allotted to them for industrial, commercial, domestic and automobile customers. IRMEL focuses on meeting the energy needs of customers in their GAs through their pipelines and CNG station network at a competitive price, while maintaining high safety standards.



The company supply natural gas to 2 primary set of customer segments:

CNG (Compressed Natural Gas): Their customers include operators of public transport vehicles such as taxis, auto-rickshaws, and private vehicles such as cars, buses, light goods vehicles, and heavy goods vehicles.

PNG (Piped Natural Gas): The PNG customers are broadly classified into 3 segments, which are, industrial PNG (small, medium and large-sized enterprises), commercial PNG (such as hotels, restaurants, bakeries, hostels and community halls) and domestic PNG (predominantly using PNG as cooking gas).

They have positioned themselves as the provider of one of the safest, cleanest, and most cost-effective fuels for households, commercial establishments, and industrial units as well as for fuel requirements in transport segment. They distribute CNG for use in motor vehicles and PNG for use by domestic households as well as for commercial and industrial units. They were recognized as the 'City Gas Distribution - Growing Company of the Year 2020' by Federation of Indian Petroleum Industries ("FIPI"). Due to their competitive gas price and optimized operational expenditure, they can offer gas to their PNG industrial customers at a viable price in the market and enable the PNG industrial customers to switch from other alternate fuels (coal and furnace oils) to natural gas. Compared with competitive fuels, IRMEL provides a more reliable and environment-friendly alternative fuel to all their customer segments, and hence have been able to tap potential customer segments in the respective GAs. Further, they are committed to health and safety and have established safety management systems which ensures safe, reliable, and uninterrupted distribution

of natural gas to their customers, with a focus on systemic minimization of health and safety risks.

The company commenced their operations in July 2017, pursuant to the receipt of authorizations for the GAs awarded for Banaskantha and Fatehgarh Sahib, in the 6th round of bidding conducted by the Petroleum and Natural Gas Regulatory Board ("PNGRB") in July 2016.

In July 2016, in the 6th round of bidding, they received authorization to lay, build, operate and expand the city or local natural gas network with a minimum work permit ("MWP") to create an infrastructure of 1,800 inch kms gas pipeline (consisting of medium density polyethylene ("MDPE") pipelines and steel pipelines) and 28,021 PNG domestic connections in Banaskantha; and 650 inch kms gas pipeline (consisting of MDPE pipelines and steel pipelines), and 5,905 PNG domestic connections in Fatehgarh Sahib. Thereafter, they received the authorization for the GA of Diu & Gir Somnath in the 9th round of bidding conducted in September 2018, for creating the infrastructure of 188-inch kms gas pipeline (consisting of steel pipelines), 91,000 PNG domestic connections and 35 CNG stations in Diu & Gir Somnath.

They are strengthening their roots in their existing authorized GAs. More recently, they have received the authorization for the GA of Namakkal & Tiruchirappalli in the 11th round of bidding conducted by PNGRB in January 2022 for creating the infrastructure of 1,450-inch kms gas pipeline (consisting of steel pipelines), 17,74,000 PNG domestic connections and 290 CNG stations in Namakkal & Tiruchirappalli.

The PNGRB grants IRMEL the authorization to operate in a GA, along with an exemption from being under the purview of a 'common carrier' or 'contact carrier' for the transmission of natural gas within their GAs. Exemption from the purview of a 'common carrier' or 'contact carrier' allows them exclusivity to operate in their GA and install their pipelines for supply of natural gas. This exemption provides them with a 'marketing exclusivity' for transmission of natural gas, for a limited period prescribed by the PNGRB, within each of their GAs.

Company's supply network consisted of:

(In inch kms)

Particulars	As at June,30		As at March 31,		
	2023	2022	2023	2022	2021
Medium Density Poly-ethylene ("MDPE") pipelines	3,210	2,507	3,000	2,380	1,851
Steel Pipelines	688	582	665	574	492
Total of Supply Network	3,898	3,089	3,665	2,954	2,343

IRMEL served Industrial Customers, Commercial Customers and Domestic Customers as:

Particulars	As at June,30		As at March 31,		
	2023	2022	2023	2022	2021
Industrial Customers	184	134	186	96	59
Commercial Customers	269	194	248	179	125
Domestic Customers	52,454	37,677	48,172	35,725	25,626

BUSINESS OVERVIEW: (Cont')

IRMEL has established a network of CNG filling stations owned and operated by the Company ("COCO Stations"), CNG stations owned and operated by dealers ("DODO Stations") and CNG stations owned and operated by oil marketing companies ("OMC Stations").

Particulars	As at June,30		As at March 31,		
	2023	2022	2023	2022	2021
COCO Stations	2	2	2	2	2
DODO Stations	36	28	35	27	22
OMC Stations	28	23	24	23	21
Total of CNG Filling Stations	66	53	61	52	44
<i>In aggregate IRMEL had:</i>					
CNG station dispensing points across all GAs	262	202	238	205	170

Their natural gas sourcing strategy aims to reduce the impact of price volatility and follow a calibrated approach in pricing to ensure growth in sales volume as well as maintaining healthy margins. It includes index linkages, gas procurement from high pressure high temperature fields under mid to long term tenure and reliance on a diversified portfolio of gas contracts, helping them in efficient input gas cost management.

Their mid to long-term gas sale and purchase agreements ("GSPAs") with gas suppliers such as GAIL and RIL enable them to source gas at a reasonable cost. Company's gas procurement helps them mitigate the effect of the volatility in gas availability and pricing. They have also entered into certain gas transportation agreements ("GTAs") for transportation of natural gas from their suppliers pursuant to their GSPAs. Further, they have subscribed to a proprietary membership from Indian Gas Exchange ("IGX") in August 2022, through which they source natural gas on a need basis for their short-term requirements. Pursuant to the IGX membership, they get access to the natural gas free market, where prices are discovered by a free exchange mechanism.

Company's revenues from distribution of CNG and PNG vary for each of their GAs. While distribution of CNG is predominant in the Banaskantha and Diu & Gir Somnath GAs, the Fatehgarh Sahib GA focuses on supply of PNG. The supply of industrial PNG in the Fatehgarh Sahib gained an impetus pursuant to the NGT Order dated July 10, 2019, which enlisted Mandi Gobindgarh in the Fatehgarh Sahib GA as a pollution causing industrial cluster, thereby facilitating a shift from non-renewable pollution causing energy sources, towards consumption of PNG in the industrial cluster.

The breakdown of net revenues (including compression income and excluding excise duty) generated from CNG and PNG (domestic, commercial and industrial) distribution and pursuant to NG trading for each of the GAs:

Particulars		As at June,30		As at March 31,		
		2023	2022	2023	2022	2021
Banaskantha	CNG	93.28	86.09	326.87	212.60	121.31
	PNG	9.59	7.54	39.33	19.67	13.71
Fatehgarh Sahib	CNG	11.63	11.08	49.43	23.72	11.74
	PNG	102.80	99.85	519.90	175.80	31.34
Diu and Gir Somnath	CNG	10.73	9.22	36.94	21.42	8.32
	PNG	0.47	0.04	0.52	0.03	0.00
NG Trading	CNG	0.03	-	-	-	-
	PNG	-	-	-	50.98	1.04
Total	CNG	116.20	106.38	413.24	257.74	141.37
	PNG	112.87	107.43	562.96	246.47	46.09

Key Business Agreements

IRMEL typically enters into gas sale and purchase agreements ("GSPAs") with their supplier for the purchase of natural gas. For instance, they have entered GSPAs with GAIL and RIL. The gas sale and purchase agreements govern the basis on which they purchase natural gas. Under these GSPAs, they are supplied natural gas at a pre-determined delivery point, which is connected to their facilities. They have also entered into gas transmission agreements with GAIL and GSPL for the transportation of natural gas to their facilities.

Pricing

The price at which they sell natural gas to their customers is not regulated by any authority and IRMEL has control over the price at which they sell natural gas. Considering natural gas is not a notified product, the pricing of natural gas is beyond the purview of PNGRB or any other regulator. In order to maintain the competitive advantage, IRMEL periodically review the price at which they sell natural gas including CNG and PNG, which is benchmarked against the prices of alternative fuels available to their customers.

REVENUE FROM OPERATIONS:

Particulars	For the Period ending June 30,		For the year ending March 31,		
	2023	2022	2023	2022	2021
Sale of Goods	244.28	229.42	1,035.24	543.21	209.70
- CNG Sales (Gross of Taxes)	131.41	121.99	472.28	296.74	163.61
- PNG Sales	112.87	107.43	562.96	246.47	46.09
Sale of Services	0.98	0.84	3.89	2.94	2.1%
- Connection Income	0.71	0.59	3.17	2.07	1.35
- Other Operating Revenues	0.27	0.25	0.72	0.87	0.75
Total	245.25	230.27	1,039.14	546.14	211.81

The revenue from operations (including excise duty, compression income and other operating revenues and excluding natural gas trading) attributable to each of Gas:

Particulars	Banaskantha		Fatehgarh Sahib		Diu and Gir Somnath		NG Trading	
	₹ in Cr	% to Revenue from Operations	₹ in Cr	% to Revenue from Operations	₹ in Cr	% to Revenue from Operations	₹ in Cr	% to Revenue from Operations
3 months ended Jun'30, 2023	116.17	47.40%	116.17	47.40%	12.71	5.19%	0.04	0.01%
3 months ended Jun'30, 2022	106.51	46.25%	112.52	48.87%	11.24	4.88%	-	-
Fiscal 2023	416.05	40.04%	576.97	55.53%	42.87	4.13%	-	-
Fiscal 2022	264.95	48.51%	203.29	37.22%	26.93	4.93%	-	-
Fiscal 2021	153.71	72.57%	46.00	21.72%	11.07	5.23%	-	-

IRMEL'S VALUE CHAIN INTEGRATION

The company intends to pursue a strategy of vertical integration in order to diversify and achieve higher business growth. To further this strategy, they have invested in **Farm Gas Pvt Ltd**, a biomass and waste to energy solution company with a vision to convert biomass as well as municipal solid waste to compressed biogas (CBG) and bio-fertilizer, on December 9, 2019, which aims to provide cost-effective and economically viable renewable energy through waste and biomass management. Currently, their equity shareholding in Farm Gas is 50%. Farm Gas has set up its first compressed biogas retail outlet in Ludhiana.

The company has also invested in **Venuka Polymers Pvt Ltd**, a company engaged in the production of polyethylene (PE) pipelines, on December 19, 2019 with a vision to provide cost-effective and economically viable products for creating the infrastructure of gas and water pipelines. Further, Venuka Polymers has received orders for supplying MDPE pipelines to leading CGD entities like Indraprastha Gas Ltd, Gujarat Gas Ltd, AGP CGD India Pvt Ltd, Hindustan Petroleum Corporation Ltd. and Maharashtra Natural Gas Ltd. Currently, their equity shareholding in Venuka Polymers 50%.

The company has also invested in Ni Hon Cylinders Pvt Ltd, a

company engaged in the supply of imported type one cylinders for retro fitment of CNG cylinders, on March 30, 2022, with an intention of manufacturing cylinder cascades for sale to other CGD companies. Currently, their equity shareholding in Ni Hon is 50%.

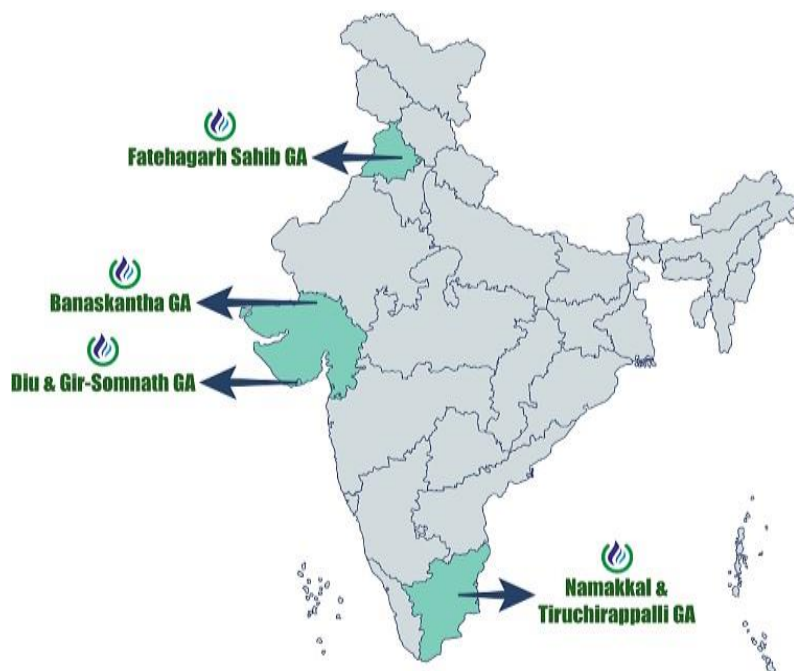
They also intend to make a transition towards being an energy company and implement their proposed renewable (solar) energy projects envisaged for sale of renewable power to long-term industrial, commercial customers and green hydrogen generating/producing companies through long term power purchase agreements through their recently incorporated subsidiary, SKI-Clean Energy Pvt Ltd.

Partnership with ShizGas

Shizuoka Gas Co. Ltd (ShizGas), the 4th largest gas company in Japan by natural gas sales volume in 2021 and with vast experience in the CGD sector, has formed a strategic business alliance with IRMEL. ShizGas infused equity into IRMEL in March 2022. IRMEL aims to capitalise on synergetic business opportunities the partnership provides. The company is evaluating opportunities with ShizGas to import and wholesale R-LNG to India through bilateral contracts on a gas exchange platform. This will not only help the company source R-LNG at competitive price, but also open new growth opportunities

to tap the natural gas market in India. ShizGas will also bring its expertise in industrial burner technology, increasing benefits for IRMEL's industrial customers. Leveraging the technical knowhow of ShizGas in system engineering and application, IRMEL intends to offer solutions to industrial customers, especially in the new GA of Namakkal and Tiruchirappalli, for seamless transition from other fuels to natural gas. This will help the company optimise the consumption of natural gas.

GEOGRAPHICAL PRESENCE



COMPETITIVE STRATEGIES:

Exclusivity in CNG and PNG supply in the awarded Gas

Successful development and operation of CGD business

Diverse customer portfolio and distribution network of CNG and PNG

Strong parentage, experienced board and management team and strong execution team

Technology adoption and digital initiatives for efficient and optimal operations

Strong financial performance with consistent growth and profitability supported by healthy operating efficiency and favourable regulations

KEY BUSINESS STRATEGIES

Expand the presence in existing and newer GAs through an improved captive distribution channel

Infrastructure roll-out for development and operation of the new licensed GA of Namakkal & Tiruchirappalli, Tamil Nadu

Technology adoption to increase operational efficiency and enhance customer value

Business integration for transition into a complete energy solution provider

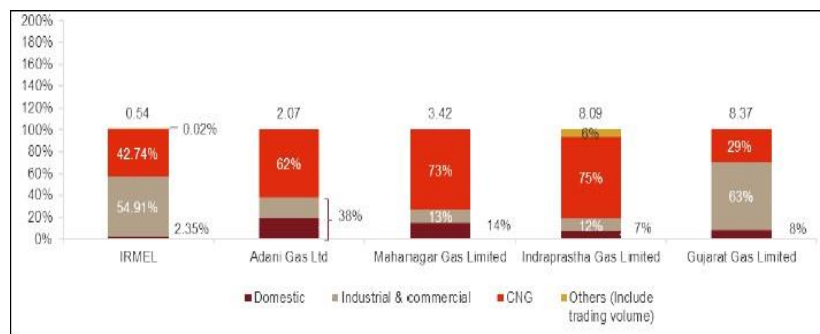
Continue to focus on sourcing reliable and cost-effective gas from leading Gas Suppliers

COMPETITION






The number of entities participating in the CGD sector has increased over the past decade. CGD infrastructure is attracting not only domestic but also foreign investors. Singapore-headquartered companies such as **AG&P** and **Think Gas Distribution Pvt Ltd** have established CGD companies in India, while France-based **Total Energies SE** has partnered with **Adani Gas Ltd** to form **Adani Total Gas Ltd ("ATGL")**. US-based **I Squared Capital** and Japanese **Osaka Gas Co., Ltd.**, forayed into the CGD sector by investing in AG&P in 2021.

ATGL is the largest CGD player on a standalone basis (with having presence in 33 GAs), followed by **Indian Oil Corporation Ltd ("IOCL")** (with having presence in 28 GAs). Further, ATGL is the largest entity in terms of a combined GA count, at 52, including the GAs held through a JV with IOCL. The CGD market primarily comprises of 10-15 players. Of these, the Top-5 players hold 136 GAs (i.e., 46%) of the total 295 GAs allotted in all CGD bidding rounds until 11th round of bidding.

Details in relation the sales mix of all the major CGD entities in Fiscal 2023 have been depicted below:








COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company		Consolidated / Standalone	Face Value	Total Income (₹ in Cr)	EPS	NAV	P/E	RoNW (%)
					Basic & Diluted			
	IRM Energy Ltd	Consolidated	10	980.09	20.93	114.48	[·]	18.23%
	Gujarat Gas Ltd	Consolidated	2	16,759.40	22.20	102.09	18.69	21.75%
 INDRAPRASTHA GAS LIMITED	Indraprastha Gas Ltd	Consolidated	2	14,145.85	23.42	113.30	19.21	20.67%
	Mahanagar Gas Ltd	Standalone	10	6,299.28	79.98	418.53	12.64	19.11%
	Adani Total Gas Ltd	Consolidated	1	4,378.19	4.97	26.74	125.18	18.58%

Source: RHP; P/E Ratio has been computed based on the closing market price of the equity shares (Source: NSE) on September 28, 2023.

Comparison of the key performance indicators with listed industry peers, as of FY2023

(₹ in Cr)

Particulars										
	IRM Energy		Mahanagar Gas		Adani Total Gas		Gujarat Gas		Indraprastha Gas	
	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Volume:										
CNG (MMSCM)	83.69	72.54	909.43	772.00	459.00	360.00	1,141.44	72.60	2,209.00	184.70
PNG (MMSCM)	112.74	78.52	339.88	323.00	294.00	337.00	1,922.24	317.90	743.00	70.40
Total (MMSCM)	196.43	151.06	1249.31	1,095.00	753.00	697.00	3,063.68	390.50	2,952.00	255.10
Volume growth (in %)	30.04%	139.79%	14.11%	35.66%	8.03%	35.34%	(21.54)%	13.95%	15.72%	31.22%
Net Revenue from Operations* (₹ Cr)	980.09	507.15	6,299.28	3,560.19	4,378.19	3,078.81	16,759.40	16,456.22	14,145.85	7,709.96
Gas Cost (in ₹ Cr)	779.78	248.23	4,434.85	2,045.00	3,086.37	1,930.00	13,273.43	13,444.10	10,436.02	4,392.00
Gross Margin (in ₹ Cr)	200.31	258.91	1,864.43	1,515.19	1,291.82	1,107.81	3,485.97	3,012.11	3,709.83	3,317.96
EBITDA (Consolidated) (in ₹ Cr)	118.94	200.90	1,184.19	924.32	887.22	777.74	2,394.85	2,066.02	2,293.41	2,106.83
EBITDA %^	12.14%	39.61%	18.80%	25.96%	20.26%	25.60%	14.29%	12.55%	16.21%	27.33%
PAT (Consolidated) (in ₹ Cr)	63.15	128.03	790.05	596.95	546.49	509.40	1,528.38	1,287.37	1,639.65	1,502.27
EPS (Consolidated) (in ₹)	20.93	43.88	79.98	60.43	4.97	4.63	22.20	18.70	23.42	21.46
ROE (Consolidated) (in %)	18.23%	52.53%	19.11%	16.59%	18.58%	21.08%	21.75%	22.87%	20.67%	19.80%
ROCE (Consolidated) (in %)	14.19%	39.01%	21.32%	18.64%	22.45%	23.55%	24.21%	23.76%	23.01%	22.43%

* (Net of Excise Duty); ^ (as % to net revenue from operations)

HENSEX OUTLOOK: “*SUBSCRIBE*”

Rating: Apply for Listing Gains as well as for Long Term Investment

IRM Energy is one of the leading Company's in CNG and PNG generations in its allocated GA. Company has portrayed successful development and Operations in CGD Business, company has a diversified customer portfolio and distribution network of CNG and PNG, good connectivity of Gas pipeline and an established cost-effective gas sourcing arrangement, considering all listed factors along with strong financial performance and consistent growth and profitability. We recommend a 'Subscribe' to the issue with the view of listing gains as well as for Long Term Investment perspective.

Points to consider:

- ✓ Company's revenue from operations surged by 90% to Rs. 1039 Cr in FY23 from 546 Cr in FY22. The surge in revenue is led by the 30% increase in volume from 151 mmscm in FY22 to 196.43 mmscm in FY23. However company's Net Profits has declined by 51% in FY23 and 31% in Q1FY24
- ✓ The company is the sole distributor of CNG and PNG in the authorised GAs.
- ✓ The company provides a more reliable and environment-friendly alternative fuel to all its customer segments compared with competitive fuels
- ✓ Company is a leading player in city gas distribution segment in 3 States
- ✓ Shizuoka Gas Co. Ltd (ShizGas), the 4th largest gas company in Japan by natural gas sale has formed a strategic business alliance with IRMEL

MAJOR RISK FACTOR:

- ✓ Natural gas is highly Combustible. Hence, Transporting Natural gas is Hazardous and could result in accidents
- ✓ Company is heavily dependent on CNG and Industrial PNG supply operations, as it accounts almost 96% of the Total Revenue from Operations
- ✓ Company requires 15-18 months to generate revenue in the allocated GA
- ✓ Company is dependent on government policies for allocation of natural gas and cost of gas supplies for CNG & domestic PNG customers



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