



IPO DETAILS

IRM ENERGY LIMITED

#IPOlogy



Issue Opens

18 October 2023, Wednesday

Issue Closes

20 October 2023, Friday

Min. Lot Size

29 Shares

Issue Price Band

₹480 - ₹505

Industry

Natural Gas Distribution

Issue Size

Fresh Issue:

10.80 mn Eq shares
(₹5,454 mn)

OFS:

N/A

Face Value

₹10

Listing at

NSE, BSE

Rationale

Considering the TTM June-23 / FY24-Annualized EPS of Rs 16.93/26.21 on a post issue basis, the company is going to list at a P/E of 29.83x/19.27x with a market cap of Rs. 20,735 mn. whereas its peers Gujarat Gas Limited, Indraprastha Gas Limited, Mahanagar Gas Limited, Adani Total Gas Limited are trading at a P/E of 21.52x, 22.57x, 11.37x and 120.36x.

We assign "Subscribe" rating to this IPO as company has successful development and operation of CGD business with exclusivity in CNG and PNG supply in the awarded geographical areas. Also, it is available at reasonable valuation as compared to its peers.

Objectives of the issue

Funding capital expenditure requirements for the development of the City Gas Distribution network in the Geographical Areas of Namakkal and Tiruchirappalli (Tamil Nadu) in Fiscal 2024, Fiscal 2025 and Fiscal 2026;

Prepayment or repayment of all or a portion of certain outstanding borrowings availed by the Company;

General corporate purposes.

Rating

Subscribe

APPLY NOW



IRM ENERGY LIMITED

Company Overview

IRM Energy Ltd 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).

They supply natural gas to two primary set of customer segments (i) CNG (Compressed Natural Gas), (ii) PNG (Piped Natural Gas).

Key Elements

They distribute CNG for use in motor vehicles and PNG for use by domestic households as well as for commercial and industrial units.

Their Revenue Breakup for FY23 is as follow (i) PNG (57.34% of revenue), (ii) CNG (42.33% of revenue), (iii) NG Trading (0.33% of revenue)

They develop natural gas distribution projects in the geographical areas (“GAs”) allotted to them for industrial, commercial, domestic and automobile customers.

The company is fulfilling the PNG requirements of 52,454 domestic clients, 184 industrial units, and 269 commercial clients as on June 30,2023.

As of June 30,2023, the company has 262 CNG gas stations across its operating geographical areas.



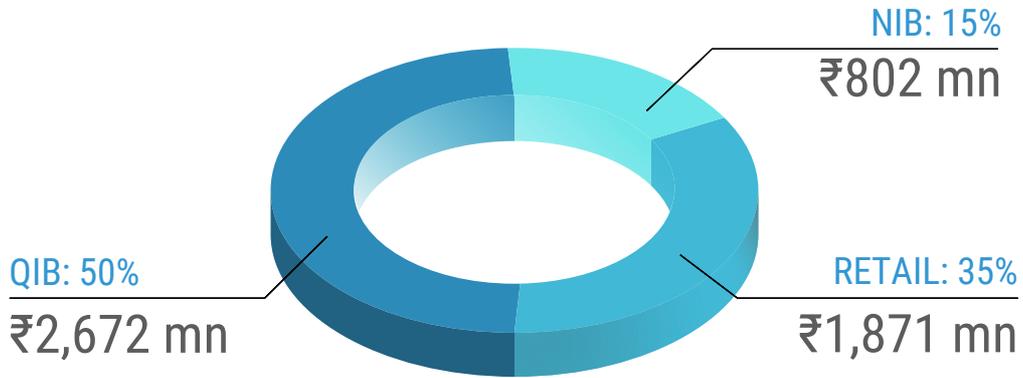
IRM ENERGY LIMITED: 2020 Spotlight

They were recognized as the ‘City Gas Distribution - Growing Company of the Year 2020’ by Federation of Indian Petroleum Industries (“FIPI”).

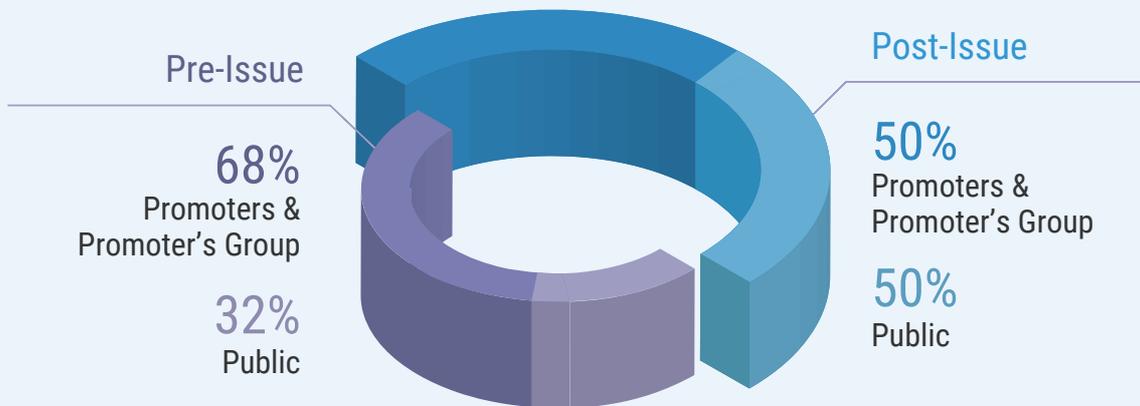


IRM ENERGY LIMITED
Issue Details

Issue Break-Up



Shareholding Pattern



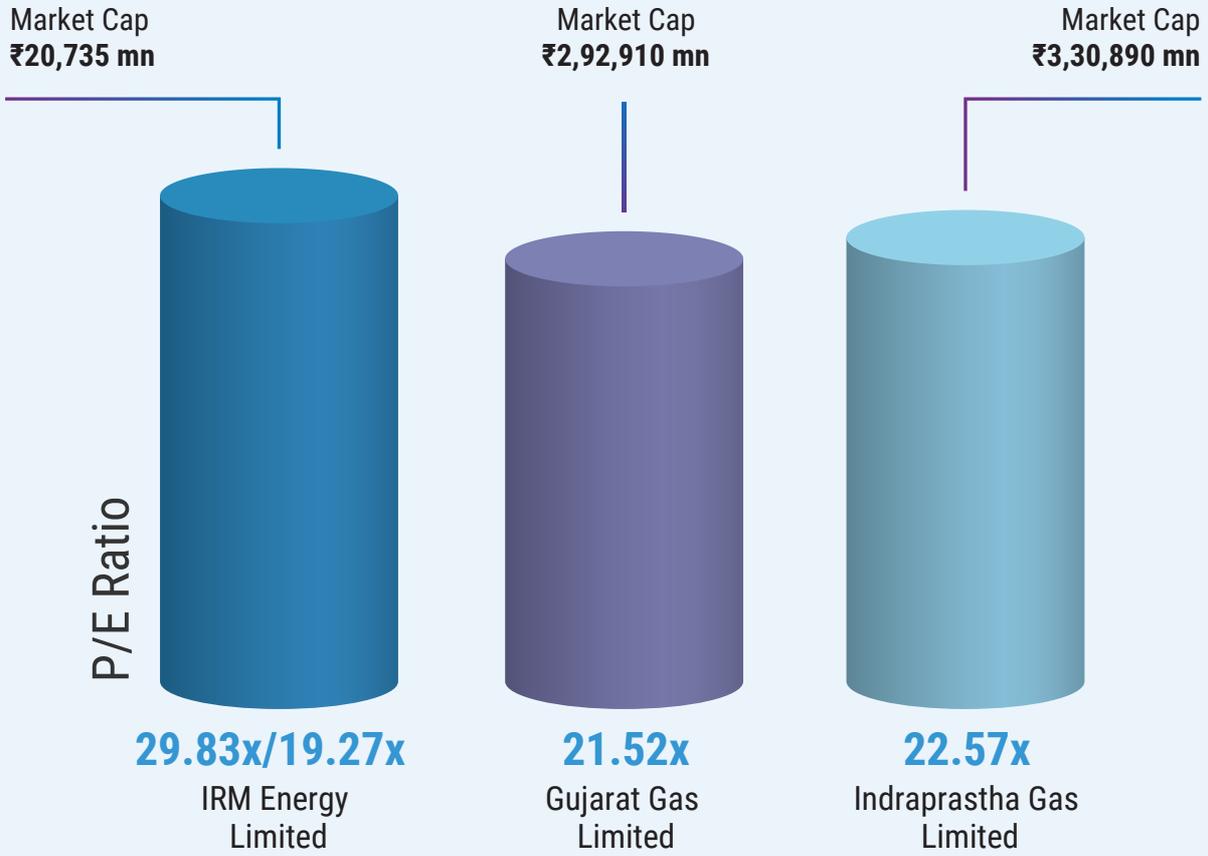
Capital Structure (in ₹)





IRM ENERGY LIMITED

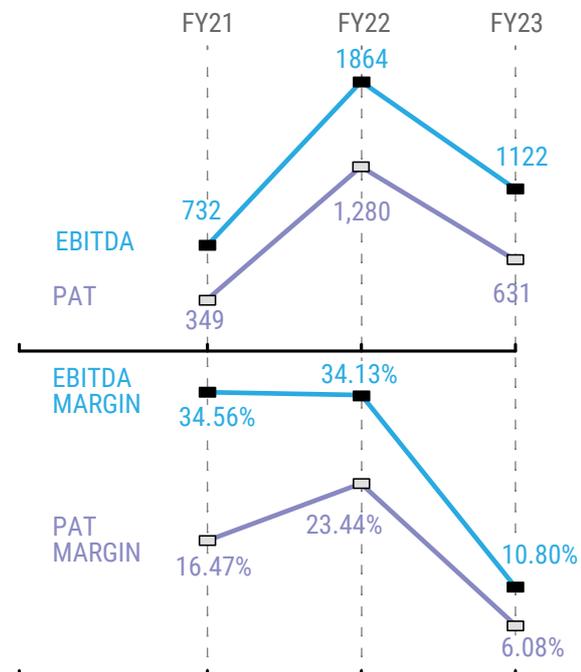
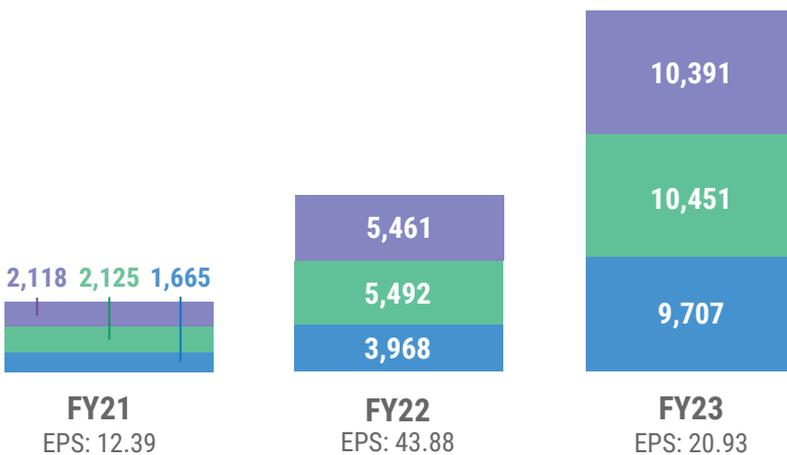
Valuations and Peer Comparison



Market Cap data of listed securities as on October 13, 2023

Financial Snapshot (in ₹ mn)

- Revenue
- Total Income
- Total Expenses





IRM ENERGY LIMITED

Business Insights



Competitive Strengths

- 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
- Connectivity to gas pipelines and establishing cost-effective gas sourcing arrangements
- Strong financial performance with consistent growth and profitability supported by healthy operating efficiency and favourable regulations



Business Strategy

- Expand 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.



Risks

- Transporting natural gas is hazardous and could result in accidents, which could adversely affect reputation, business, financial condition, results of operations and cash flows
- They require various licenses and approvals for undertaking businesses and the failure to obtain or retain such licenses or approvals in a timely manner, or at all, may adversely affect operations.
- They may be subject to risks associated with delays in construction and commissioning of existing and new gas distribution pipelines, including any delay in meeting MWP targets.

Promoters and Management Details

Dr. Rajiv Indravadan Modi - Chairman and Managing Director

Maheswar Sahu - Non Executive Director (Chairman of the Board of Directors)

Ramesh R. Choksi - Whole time Director