

IPO Details	
<b>Opening Date</b>	Oct 18, 2023
<b>Closing Date</b>	Oct 20, 2023
<b>Stock Exchange</b>	NSE, BSE
<b>Lot Size</b>	29 Shares
<b>Issue Price</b>	₹480 to ₹505 per share
<b>Issue Size</b>	Aggregating up to 545.40 Cr.
<b>Fresh Issue</b>	Aggregating up to 545.40 Cr.
<b>Application Amount</b>	Min. Inv. - ₹ 14,645 (29 shares) Max. Inv. - ₹ 1,90,385 (377 shares)

IPO Objective
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 (from December 1, 2023 to March 31, 2024), Fiscal 2025, Fiscal 2026 and Fiscal 2027 (from April 1, 2026 to September 30, 2026).
Prepayment or repayment of all or a portion of certain outstanding borrowings availed by the Company.
General corporate purposes.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	2,05,58,773	67.94%
Public	97,00,904	32.06%

Promoter of the Company
1. Dr. Rajiv Indravadan Modi
2. Cadila Pharmaceuticals Limited
3. IRM Trust

Competitive Strengths
1. Exclusivity in CNG and PNG supply in the awarded GAs.
2. Successful development and operation of CGD business.
3. Diverse customer portfolio and distribution network of CNG and PNG.
4. Technology adoption and digital initiatives for efficient and optimal operations
5. Connectivity to gas pipelines and establishing cost-effective gas sourcing arrangements.

Company Background
<ul style="list-style-type: none"> <li>IRM Energy Limited was incorporated in the year 2015 and has its registered office in Ahmedabad, Gujarat.</li> <li>The company is engaged in the business of laying, building, operating and expanding the city or local natural gas distribution network.</li> <li>IRM Energy a city gas distribution (“CGD”) company in India, with operations at Banaskantha (Gujarat), Fatehgarh Sahib (Punjab), Diu &amp; Gir Somnath (Union Territory of Daman and Diu/Gujarat), and Namakkal &amp; Tiruchirappalli (Tamil Nadu).</li> <li>Company is an integrated value driven energy enterprise, developing natural gas distribution projects in the geographical areas (“GAs”) allotted to the company for industrial, commercial, domestic and automobile customers, and have built competency as a CGD company by development of its existing GAs since 2017.</li> <li>As of 30<sup>th</sup> June 23, the Company has 226 employees on its payroll.</li> </ul>

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 1,528	₹ 2,074

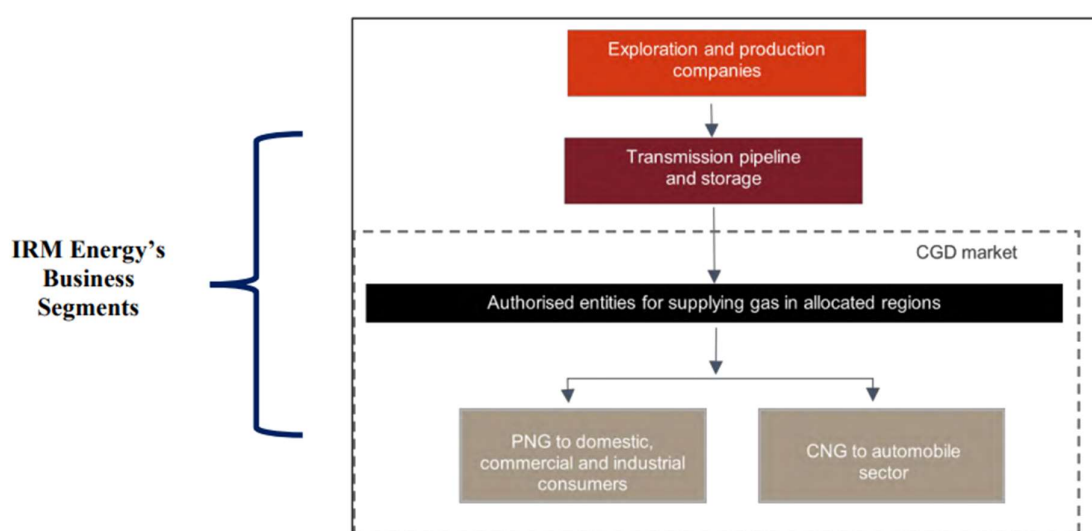
Financial Summary (In Cr.)				
For the Period Ended	Mar-21	Mar-22	Mar-23	June-23
<b>Total Assets</b>	338.11	554.80	792.90	838.21
<b>Net Assets</b>	117.60	243.72	346.42	373.33
<b>Total Borrowings</b>	163.35	202.59	303.84	321.24
<b>Total Revenue</b>	212.54	549.19	1,045.10	248.63
<b>Profit After Tax</b>	34.89	128.03	63.14	26.91

Tentative Timeline	
<b>Opening Date</b>	Oct 18, 2023
<b>Closing Date</b>	Oct 20, 2023
<b>Basis of Allotment</b>	Oct 27, 2023
<b>Initiation of Refunds</b>	Oct 27, 2023
<b>Credit of Shares to Demat</b>	Oct 30, 2023
<b>Listing Date</b>	Oct 31, 2023

## Company Background and Analysis

IRM Energy Limited was incorporated in 2015, and has decent experience in the industry it operates in. IRM Energy 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. Company has developed natural gas distribution projects in the geographical areas (“GAs”) allotted to the company for industrial, commercial, domestic and automobile customers.

Company supplies natural gas to two primary set of customer segments. The customer segments are as set out below:



1. **CNG (Compressed Natural Gas):** The 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.
2. **PNG (Piped Natural Gas):** PNG customers are broadly classified into three 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).

The table below sets out revenue breakdown (net of excise duty and including compression income and gas trading) from the two segments for the three months ended June 30, 202 and for Fiscal 2023, 2022 and 2021:

(Rs. In Lacs)

Particulars	Jun-23		Mar-23		Mar-22		Mar-21	
	Amt	(%)	Amt	(%)	Amt	(%)	Amt	(%)
CNG	11,620.10	50.73	41,323.70	42.33	25,773.80	51.12	14,136.70	75.41
PNG	11,286.50	49.27	56,296.40	57.67	24,647.10	48.88	4,609.20	24.59
<b>Total</b>	<b>22,906.60</b>	<b>100.00</b>	<b>97,620.10</b>	<b>100.00</b>	<b>50,420.90</b>	<b>100.00</b>	<b>18,745.90</b>	<b>100.00</b>

Company has positioned itself 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. Company was recognized as the 'City Gas Distribution - Growing Company of the Year 2020' by Federation of Indian Petroleum Industries ("FIPI"). Company distributes CNG for use in motor vehicles and PNG for use by domestic households as well as for commercial and industrial units. Due to its competitive gas price and optimized operational expenditure, company is in a position to offer gas to industrial PNG customers at a viable price in the market and enable the industrial PNG customers to switch from other alternate fuels (coal and furnace oils) to natural gas. Compared with competitive fuels, company provides a more reliable and environment-friendly alternative fuel to all its customer segments, and hence have been able to tap potential customer segments in the respective GAs.

To conclude, the company operates in various states across the country and operates in a good business segment with a usability verity of industry.

### **Business Strategies**

**1. Expanding presence in existing and newer GAs through an improved captive distribution channel.**

As a part company's growth strategy, it works towards distribution and sale of CNG through DODO Stations and COCO Stations, since it is cost saving when compared to the OMC Stations.

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

Company intends to establish the key infrastructure for expediting the development of CGD network in the newly awarded GA of Namakkal & Tiruchirappalli districts in Tamil Nadu. Namakkal & Tiruchirappalli being urban and highly populated district, there is a great potential of residents converting to PNG in both districts. The geographic area has a large urban population, which provides an excellent opportunity for IRMEL to convert prospective customers from other alternative fuels such as LPG to natural gas.

**3. Technology adoption to increase operational efficiency and enhance customer value.**

Company has implemented methodologies such as SCADA, GIS and AMR System, etc., which help in improvement of efficiency and accuracy of the systems, thereby leading to savings in operational costs. Company intends to continue investing in such endeavours. In pursuit of this endeavour, company aims to continue to reinforce innovation capabilities by focusing on technology adoption.

**4. Business integration for transition into a complete energy solution provider.**

Company intends to pursue a strategy of vertical integration in order to diversify and achieve higher business growth. Company believes this strategy will enable it to maximize its revenue, through business integration by way of investments in complementary businesses. To further this strategy, Company has invested in Farm Gas Private Limited, 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.

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

Company has strategic gas sourcing policy in place, which encompasses index linkages, gas procurement from high pressure, high temperature fields, reliance on diversified portfolio of gas contracts, and enables it in efficient cost management.

## Competitive Scenario and Peer Mapping

### 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 Atlantic Gulf and Pacific (“AG&P”) and Think Gas Distribution Private limited have established CGD companies in India, while France-based Total Energies SE has partnered with Adani Gas Limited to form Adani Total Gas Limited (“ATGL”). US-based I Squared Capital and Japanese Osaka Gas Co., Ltd., forayed into the CGD sector by investing in AG&P in 2021. This industry has barrier to entry as it is highly regulated and requires a lot of government approvals.

### Peer Analysis

The comparison of the key performance indicators of the listed peers as on Mar-21 is given below –

Particulars	IRM Energy Limited	Gujarat Gas Limited	Indraprastha Gas Limited	Mahanagar Gas Limited	Adani Total Gas Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	16.47%	12.76%	1.11%	28.80%	26.63%
EBITDA Margin	34.56%	20.88%	10.50%	43.38%	39.74%
Return on Capital Employed	18.80%	28.00%	8.00%	21.78%	26.59%
Return on Equity	16.92%	28.45%	21.26%	19.18%	24.17%
EPS (INR)	12.39	18.53	14.37	62.72	4.29

The comparison of the key performance indicators of the listed peers as on Mar-22 is given below –

Particulars	IRM Energy Limited	Gujarat Gas Limited	Indraprastha Gas Limited	Mahanagar Gas Limited	Adani Total Gas Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	23.44%	7.69%	15.57%	16.77%	15.92%
EBITDA Margin	34.14%	12.43%	22.12%	25.96%	24.38%
Return on Capital Employed	34.49%	24.01%	21.15%	18.63%	23.28%
Return on Equity	27.95%	22.96%	18.96%	16.60%	20.77%
EPS (INR)	43.88	18.68	18.79	60.43	4.59

The comparison of the key performance indicators of the listed peers as on Mar-23 is given below –

Particulars	IRM Energy Limited	Gujarat Gas Limited	Indraprastha Gas Limited	Mahanagar Gas Limited	Adani Total Gas Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	6.08%	8.86%	9.30%	12.54%	11.38%
EBITDA Margin	10.80%	13.90%	13.12%	18.80%	18.69%
Return on Capital Employed	12.93%	24.27%	22.22%	21.31%	21.97%
Return on Equity	9.53%	21.81%	20.39%	19.11%	18.03%
EPS (INR)	20.93	22.16	20.64	79.98	4.82

**Industry Overview**

Exhibit 1: Sector-wise natural gas demand outlook, FY23-30 (mmscmd).

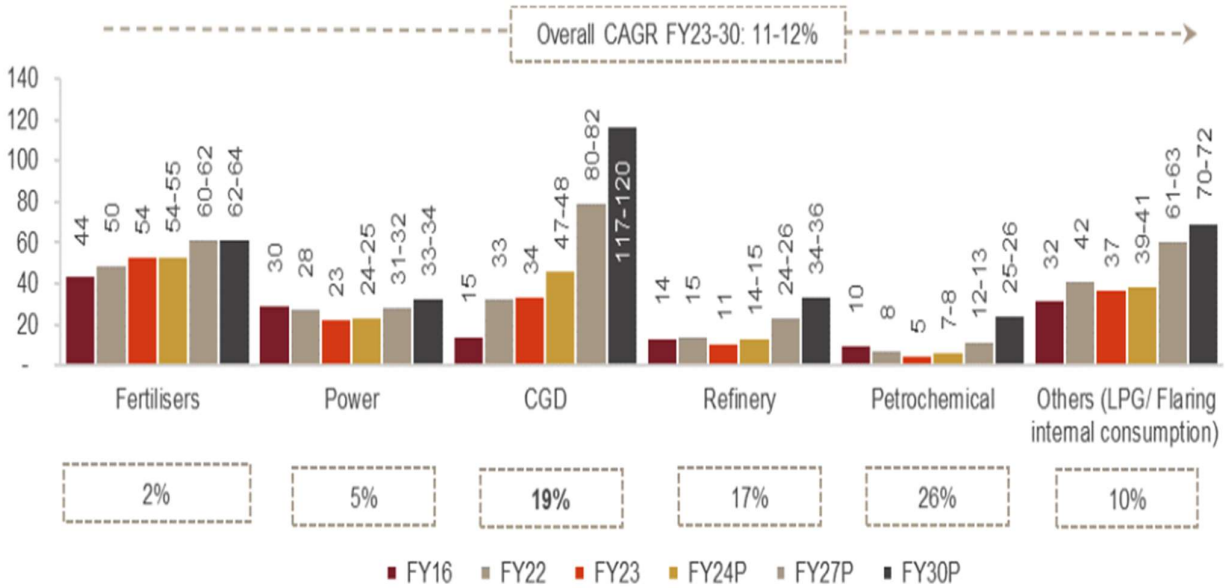
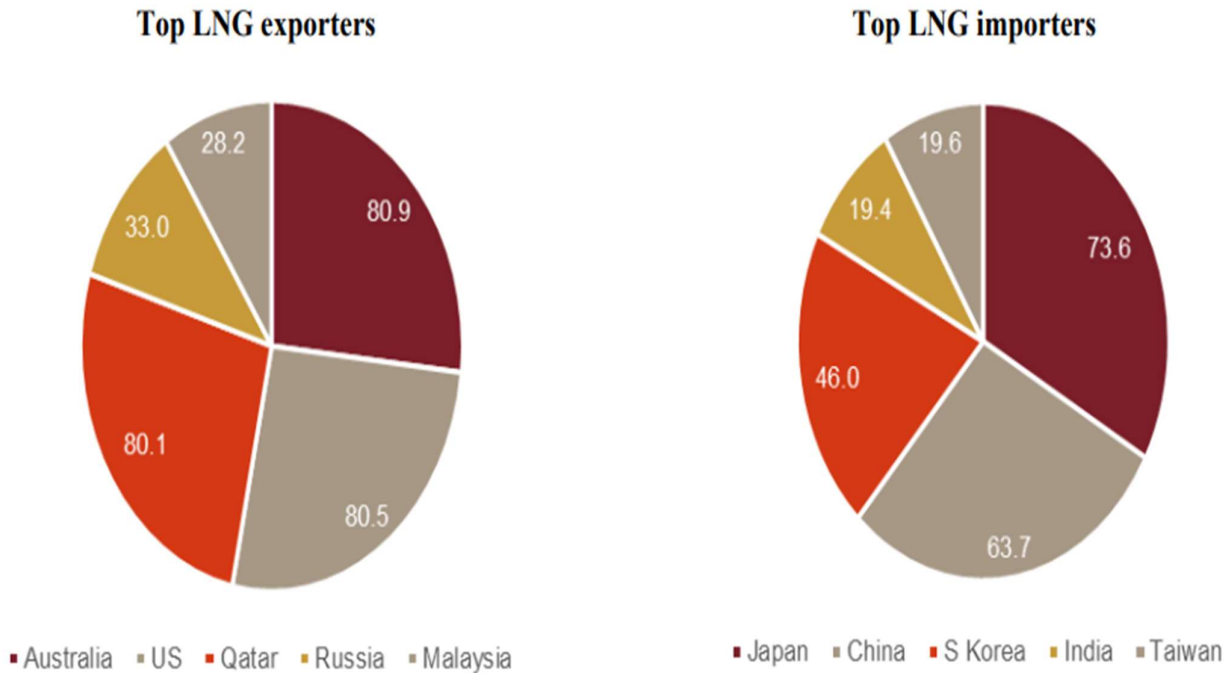


Exhibit 2: Global LNG trade scenario, 2022 (MTPA).



(Source: Prospectus)

## **NATURAL GAS MARKET IN INDIA**

Natural gas consumption in India clocked a compound annual growth rate (CAGR) of 3.8% between fiscals 2016 and 2020, rising to ~176 mmscmd in fiscal 2020. However, it dipped 5% in fiscal 2021 due to Covid-19 related challenges such as constrained transportation and industrial activities.

Demand rose again ~4.8% in fiscal 2022. Growth was driven by higher offtake from end-use industries as economic and industrial activity and personal mobility gained traction. Segments such as CGD saw healthy growth. However, demand from the power segment declined as higher LNG prices affected the load factor (PLF) of gas-based power plants. In fiscal 2023, demand from natural gas declined by ~6%. The decline in demand was attributable owing to steep rise in prices and constrained supplies under long term LNG contracts. The demand remained subdued from power, refinery and petrochemicals sector as these sectors are dependent on imported gas pushed the demand downwards. The gas demand in fiscal 2024 is expected to rebound by 12-13% due to a mix of factors such as a favourable government policy for the CGD sector, a moderation in the natural gas price, and an expected increase in the production of domestic natural gas.

### **Domestic natural gas reserves**

India's total proven reserves of natural gas were estimated at 1,139 billion cubic meters (bcm) as of fiscal 2022, with 53% located in offshore gas fields. Moreover, natural gas discoveries have been made by Reliance Industries Ltd. (RIL), ONGC and Gujarat State Petroleum Corporation Ltd (GSPC) in the offshore Krishna-Godavari (KG) basin area of Andhra Pradesh. Onshore reserves are primarily located in Rajasthan and the north-eastern states of Assam, Nagaland, Arunachal Pradesh, and Tripura.

### **Global Gas Demand-Supply Scenario**

Global LNG demand grew ~12% between calendar years 2018 and 2019 on account of high imports from the existing importers. Despite the Covid-19 pandemic's instability, demand increased marginally to ~358 MTPA (million tons per annum) in 2020. China, India, and South American countries such as Brazil and Chile saw a rise in imports, but imports declined in most other regions, with Europe and Japan registering a decline of ~3% and ~4%, respectively. In 2022, global LNG demand grew ~6.6% on the back of a strong economic recovery in Asia.

### **Global LNG demand outlook, 2022-30**

LNG demand increased ~7% in 2022, led by a combination of two factors: i) a rebound in economic activity after the lockdowns of 2020, boosting consumption in the industrial and power generation sectors; and ii) a succession of extreme weather events that led to higher-than-expected heating and power generation needs. CRISIL MI&A Consulting expects global LNG demand to rise at a moderate pace up to 2025, as the push for cleaner fuels intensifies. Asian countries, especially China, are expected to be the key demand drivers.

(Source: Prospectus)



## Key Managerial Personnel

**Rajiv Indravadan Modi**, aged 63, is the Promoter and Non-Executive Director of the company. He holds a Bachelor of Technology in chemical engineering, a diploma in Biochemical Engineering, and a degree of Doctor of Philosophy (Biological Sciences). He is a fellow member of the Indian National Academy of Engineering. He also serves as the Chairman of the Board of Governors of IIT Guwahati and Chairperson of the Board of Governors of IIT Gandhinagar, Gujarat. He has more than thirty years of experience as an industrialist in the pharmaceuticals industry and at present, he is the chairman and managing director of Cadila Pharmaceuticals Limited. Joined from 1<sup>st</sup> December 2015.

**Maheswar Sahu**, aged 69, is the Chairman, and Non-Executive Director of the company. He holds a Bachelor of Science degree in electrical engineering and a Master of Social Science degree. He had active involvement in handling various portfolios in Government including PSU management. At present, he is on the board of directors of many companies including listed companies as an Independent Director. Joined from 30<sup>th</sup> September 2016.

**Amitabha Banerjee**, aged 69, is the Non-Executive Director of the company. He holds a Bachelor of Commerce Honours and Master of Commerce degree. He is an associate member of the Institute of Cost Accountants of India and an associate member of the International Institute of Management Sciences. He is currently associated with Cadila Pharmaceuticals Limited. He has 42 years of experience in finance and accounts. Joined from 1<sup>st</sup> December 2015.

**Badri Narayan Mahapatra**, aged 49, is the Non-Executive Director of the company. He holds a Master's Diploma in Personnel Management and Industrial Relations and a Professional Diploma in Human Resource Development. He has 22 years of experience with 7 years of experience in personnel and administration and 15 years of experience in entrepreneurship. Joined from 30<sup>th</sup> September 2016.

**Chikmagalur Kalasheety Gopal**, aged 65, is the Non-Executive Director of the company. He holds a Bachelor of Fisheries Science and a Master of Fisheries Sciences degree. He is a Certified Associate of the Indian Institute of Bankers. He has experience of over 35 years in banking, at various levels, including over 4 years of experience as a General Manager in the erstwhile Corporation Bank (now merged with Union Bank of India). Joined from 29<sup>th</sup> March 2019.

**Anand Mohan Tiwari**, aged 64, is the Non-Executive Independent Director of the company. He holds a Bachelor of Science and Master of Science degrees and holds a Master of Business Administration. He has served for 15 years in the social sector including in areas of women's empowerment, rural development, tribal development, and education. He also has experience in the Petrochemical Industry. Joined from 14<sup>th</sup> June 2020.

**Geeta Amit Goradia**, aged 70, is the Non-Executive Independent Director of the company. She holds a Bachelor of Commerce degree, Master of Arts degree in Economics, and degree of LL.B. She has over 21 years of experience in entrepreneurship. Joined from 8<sup>th</sup> March 2022.

To conclude, the company has 3 promoters consisting of 1 Individual Promoter, 1 Corporate Promoter which is Cadila Pharmaceuticals Limited, and 1 Trust named IRM Trust. The individual promoter has vast experience in the pharmaceutical industry. The management has good knowledge and experience in their respective fields which helps in the growth of the business and a majority of them have more than 5+ years of experience in the industry in which the company operates by looking at their period or term associated with the company.

**Financial Snapshot**

<b>Profit and Loss Statement</b>				<b>(In Lacs.)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Jun-23</b>
Revenue from Operations	21,180.90	54,614.30	1,03,913.50	24,524.70
Other Income	73.30	305.00	596.50	338.20
<b>Total Income</b>	<b>21,254.20</b>	<b>54,919.30</b>	<b>1,04,510.00</b>	<b>24,862.90</b>
<b>Expenses</b>				
Purchase of stock-in trade of natural gas	7,708.60	24,922.70	77,952.70	17,107.00
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	-1.90	-99.60	25.00	-337.70
Excise Duty on Sale of Compressed	2,224.40	3,899.80	5,904.70	1,520.80
Employee benefits expense	411.10	715.80	908.30	288.40
Finance Costs	1,585.50	2,207.50	2,290.30	604.00
Depreciation and Amortization expense	1,200.00	1,504.10	2,089.80	576.60
Other expenses	3,517.80	6,532.70	7,899.00	1,739.60
<b>Total Expenses</b>	<b>16,645.50</b>	<b>39,683.00</b>	<b>97,069.80</b>	<b>21,498.70</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>7,320.90</b>	<b>18,642.90</b>	<b>11,223.80</b>	<b>4,206.60</b>
<b>EBITDA Margin</b>	<b>35%</b>	<b>34%</b>	<b>11%</b>	<b>17%</b>
<b>Profit before exceptional and extraordinary items and tax</b>	<b>4,608.70</b>	<b>15,236.30</b>	<b>7,440.20</b>	<b>3,364.20</b>
<b>Exceptional items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit/(Loss) before tax</b>	<b>4,608.70</b>	<b>15,236.30</b>	<b>7,440.20</b>	<b>3,364.20</b>
Tax Expense				
Corporate Tax	898.90	3,345.00	1,412.90	532.30
Deferred tax (net)	197.20	535.40	382.80	48.30
Total Tax Expense	1,096.10	3,880.40	1,795.70	580.60
<b>Profit/(Loss) for the year before the share of P/L of Joint control Entities</b>	<b>3,512.60</b>	<b>11,355.90</b>	<b>5,644.50</b>	<b>2,783.60</b>
Share of P/L of Joint control Entities	-23.70	1,446.90	669.10	-93.10
<b>Profit/(Loss) for the year</b>	<b>3,488.90</b>	<b>12,802.80</b>	<b>6,313.60</b>	<b>2,690.50</b>
Net Profit Margin	16%	23%	6%	11%

<b>Balance Sheet</b>				<b>(In Lacs.)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Jun-23</b>
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	23,079.80	28,481.80	36,101.50	38,760.20
Capital work-in-progress	1,970.20	5,228.40	9,108.50	9,918.80
Intangible Assets	265.00	265.30	336.50	316.20
Right of Use Asset	714.70	1,294.20	1,624.10	1,903.20
Intangible assets under development	19.30	19.30	-	13.90
Financial Assets	-	-	-	-
(i) Investments	613.70	2,568.70	3,237.90	3,144.80
(ii) Loans	-	774.20	766.20	769.70
(i) Other financial assets	432.80	1,824.90	1,100.40	1,308.80
Other Non-Current Assets	633.50	883.10	4,041.30	3,797.00
Income tax assets (net)	318.50	-	422.60	214.20
<b>Total Non-Current assets</b>	<b>28,047.50</b>	<b>41,339.90</b>	<b>56,739.00</b>	<b>60,146.80</b>
<b>Current Assets</b>				
Inventories	80.50	171.50	192.90	551.80



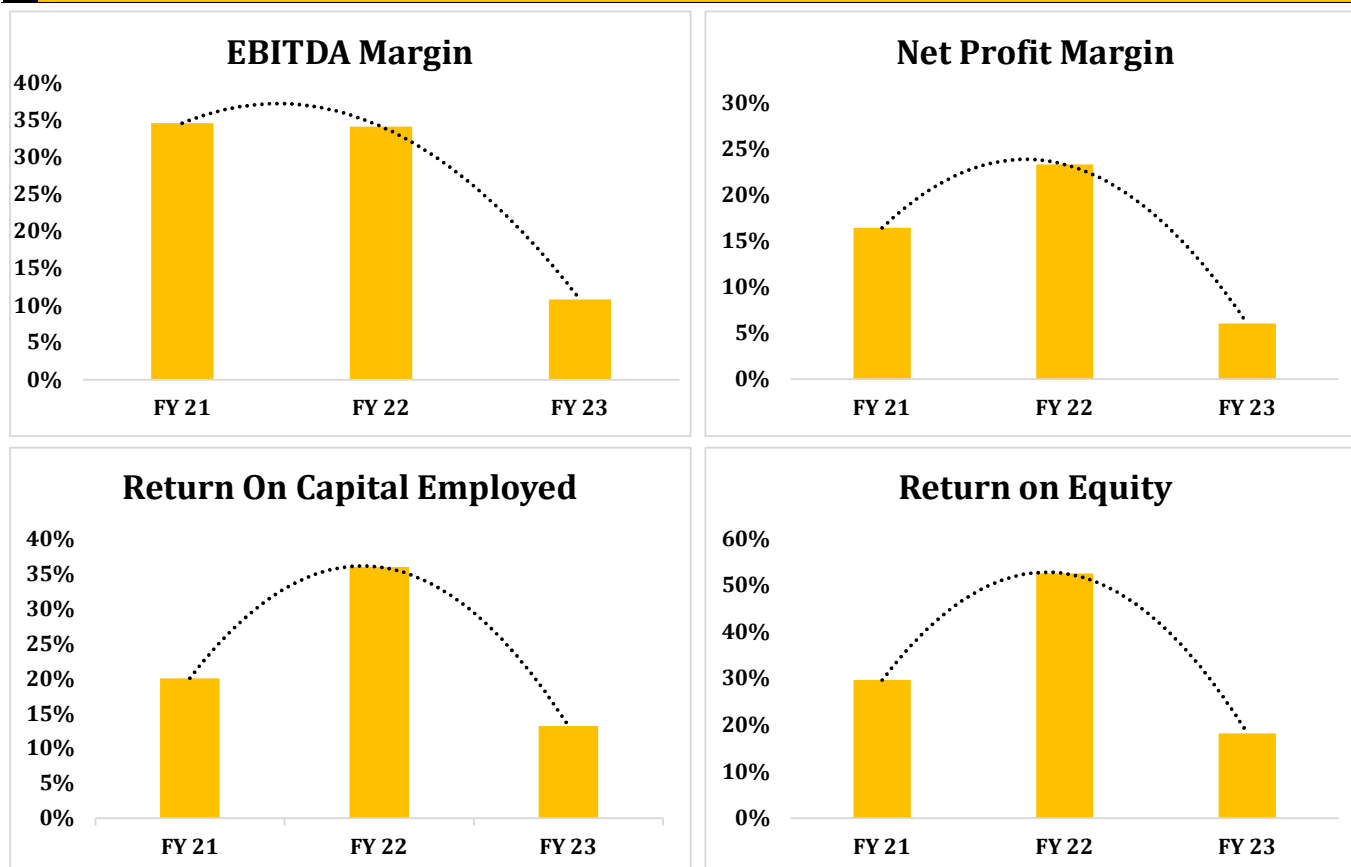
<b>Balance Sheet</b>				<b>(In Lacs.)</b>
Financial Assets				
(i) Investments	137.60	1,027.80	5,432.50	6,488.50
(ii) Trade Receivables	1,118.50	2,271.40	3,862.30	3,980.50
(iii) Cash and Cash Equivalents	2,575.00	5,914.90	2,187.50	2,144.70
(iv) Other Bank Balances	1,567.40	4,055.70	7,660.60	8,221.60
(v) Others	50.50	257.50	378.80	525.80
Other current assets	234.00	441.70	2,836.60	1,761.40
<b>Total Current assets</b>	<b>5,763.50</b>	<b>14,140.50</b>	<b>22,551.20</b>	<b>23,674.30</b>
<b>Total Assets</b>	<b>33,811.00</b>	<b>55,480.40</b>	<b>79,290.20</b>	<b>83,821.10</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital	2,899.90	2,937.00	3,026.00	3,026.00
Other Equity	8,860.50	21,435.00	31,616.30	34,306.50
<b>Total equity attributable to equity holders of the company</b>	<b>11,760.40</b>	<b>24,372.00</b>	<b>34,642.30</b>	<b>37,332.50</b>
Non-controlling interests (NCI)	-	-	0.04	0.04
<b>Total Equity</b>	<b>11,760.40</b>	<b>24,372.00</b>	<b>34,642.34</b>	<b>37,332.54</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial Liabilities				
(i) Borrowings	15,818.20	18,676.00	28,219.60	26,917.80
(ii) Lease liabilities	500.10	1,082.10	1,507.10	1,764.20
(iii) Others	1,430.80	1,952.40	2,737.00	3,671.40
Long term provisions	70.00	93.50	137.20	159.90
Deferred tax liability	935.80	1,471.20	1,851.90	1,900.10
<b>Total Non-current liabilities</b>	<b>18,754.90</b>	<b>23,275.20</b>	<b>34,452.80</b>	<b>34,413.40</b>
<b>Current liabilities</b>				
Financial Liabilities				
(i) Borrowings	516.90	1,583.20	2,163.90	5,206.20
(ii) Trade Payables				
total outstanding dues of micro enterprises and small enterprises	112.10	24.30	18.50	5.70
total outstanding dues of creditors other than micro enterprises and small enterprises	893.90	2,485.00	3,096.90	2,949.30
(iii) Lease Liabilities	62.20	88.50	85.40	84.70
(iv) Others	1,412.30	2,191.50	4,614.90	3,125.20
Other current liabilities	297.20	614.10	209.30	698.10
Short-Term Provisions	1.10	4.10	5.80	5.50
Liabilities for current tax (Net)	-	842.50	-	-
<b>Total Current liabilities</b>	<b>3,295.70</b>	<b>7,833.20</b>	<b>10,194.70</b>	<b>12,074.70</b>
<b>Total Liabilities</b>	<b>22,050.60</b>	<b>31,108.40</b>	<b>44,647.50</b>	<b>46,488.10</b>
<b>Total Equity and Liabilities</b>	<b>33,811.00</b>	<b>55,480.40</b>	<b>79,289.84</b>	<b>83,820.64</b>

<b>Cash Flow Statement</b>				<b>(In Lacs.)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Jun-23</b>
Net Cash Flow from Operating Activities	4,542.40	12,864.00	4,667.90	4,674.80
Net Cash Flow from Investing Activities	-4,202.60	-11,034.00	-20,160.90	-5,821.70
Net Cash Flow from Financing Activities	1,026.60	1,509.90	11,765.60	1,104.30

<b>Ratio Sheet</b>				
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Jun-23*</b>
<b><u>Per Share Data</u></b>				
Diluted EPS	12.39	43.88	20.93	24.52
BV per share	28.64	59.36	84.37	241.72
<b><u>Operating Ratios</u></b>				
EBITDA Margins	35%	34%	11%	17%
PAT Margins	16%	23%	6%	10%
Inventory days	1.39	1.15	0.68	2.05
Debtor days	19.27	15.18	13.57	14.77
Creditor days	47.63	36.75	14.59	15.72
<b><u>Return Ratios</u></b>				
RoCE	20%	36%	13%	8%
RoE	30%	53%	18%	10%
<b><u>Valuation Ratios (x)</u></b>				
EV/EBITDA	3.49	2.08	5.60	15.99
Market Cap / Sales	9.79	3.80	2.00	8.45
P/E	40.76	11.51	24.13	20.60
Price to Book Value	17.63	8.51	5.99	2.09
<b><u>Solvency Ratios</u></b>				
Debt / Equity	0.17	0.15	0.14	0.24
Current Ratio	1.75	1.81	2.21	1.96
Quick Ratio	1.72	1.78	2.19	1.91
Asset Turnover	0.63	0.98	1.31	0.29
Interest Coverage Ratio	3.86	7.76	3.99	6.01

\*Annualized Figures

## Financial Charts



## Key Risk Factors

1. The top 5 suppliers of natural gas contributed 94.93%, 99.70%, and 96.34% for the fiscal year ended 2021, 2022, and 2023 respectively. Any disruption in the receipt of such natural gas from these third parties, or delay or default in timely transportation of the natural gas could adversely affect the business, reputation, and results of operations.
2. The contingent liabilities for three months ended June 30, 2023, amounted to Rs. 23,968.5 lakhs. The contingent liabilities, if materialized could materially and adversely affect the business, results of operations, and financial condition.
3. There are two criminal litigations, 29 regulatory actions, and 12 material tax litigations as per the Materiality Policy, involving the Promoters. In the event of any adverse outcome, the Company's and the Promoter's business operations and reputation may be affected.
4. The company's city gas distribution network can only be set up in areas where it receives authorization to operate from the PNGRB, accordingly, its operations are restricted to defined geographical boundaries and the natural gas requirements in these regions may be affected by various factors.
5. The company has certain outstanding litigations amounting to Rs. 19,559.9 lakhs, adverse outcomes of which may adversely affect the business, reputation, and results of operations.
6. The company has a contract carrier for the CGD network of two regions namely Banaskantha, and Fategarh Sahib expired in June 2023, and September 2023 respectively resulting in the company no longer being the sole distributor in these regions, resulting in a potential loss of customers and a decrease in margins for the company.

### Track Record of Lead Manager

The lead manager to the issue is HDFC Bank Limited and Bob Capital Markets Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times

#### HDFC Bank Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Sai Silks (Kalamandir) Limited	1,201.00	222.00	September 27, 2023	254.00
2.	Aether Industries Limited	808.04	642.00	June 03, 2022	924.00
3.	Adani Wilmar Limited	3,600.00	230.00	February 08, 2022	342.00
4.	AGS Transact Technologies Limited	680.00	175.00	January 31, 2022	62.5
5.	One 97 Communications Limited	18,300.00	2,150.00	November 18, 2021	939.00
6.	PB Fintech Limited	5625.00	980.00	November 15, 2021	738.00
7.	Aditya Birla Sun Life AMC Limited	2,768.26	712.00	October 11, 2021	449.00
8.	Chemplast Sanmar Limited	3,850.00	541.00	August 24, 2021	475.00
9.	G R Infraprojects Limited	963.28	837.00	July 19, 2021	1,196.0

#### Bob Capital Markets Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Chemplast Sanmar Limited	3,850.00	541.00	August 24, 2021	475.00
2.	Glenmark Life Sciences Limited	1,513.60	720.00	August 06, 2021	668.00
3.	Macrotech Developers Limited	2,500.00	486.00	April 19, 2021	817.00
4.	Kalyan Jewellers India Limited	1,175.00	87.00	March 26, 2021	284.00

\*CMP for the above-mentioned companies is taken as of 16<sup>th</sup> October 2023.

As per the offer document, HDFC Bank Limited has had 9 mandates in the last three years. Bob Capital Markets Limited has had 3 mandates in the year 2022 and no mandates after the year 2022 till this date. For HDFC Bank Limited, from the above-mentioned mandates 4 opened at discounts and the remaining mandates have opened at premiums on the listing date. For Bob Capital Market Limited, from the above-mentioned mandates 3 have opened at discounts, and the remaining one has opened at a premium on the listing date.

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### **Recommendation**

The company has been in the industry since 2015 and thus has decent experience in the industry. The company has shown good growth in its revenue, whereas profits and its margins has shown a down trend.

The management outlook of the company is good, and the proper bifurcation of the roles and responsibilities of its top management is given.

The P/E on a post-IPO basis is around 32.84 times which makes it slightly highly priced by looking at the performance of the company and its peers.

The company has performed well over the years, which is evident in the revenue growth, whereas the sharp decline in the margins is due hostilities between Russia and the Ukraine commenced in February 2022, which has led the market price of crude oil and natural gas to rise sharply and experience significant volatility. Looking at the management and future prospect of the company a well-informed investor can **APPLY** for this IPO.



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