IRM ENERGY LIMITED

OUR PROMOTERS: DR. RAJIV INDRAVADAN MODI, CADILA PHARMACEUTICALS LIMITED AND IRM TRUST

INITIAL PUBLIC OFFER OF UP TO 12,000,000 EQUITY SHARES OF FACE VALUE OF ₹1 EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹5 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹5 PER EQUITY SHARE) ISSUE PRICE: ₹5 AGGREGATE ISSUE SIZE: ₹60,000 PER CENT OF THE EQUITY SHARE CAPITAL OF OUR COMPANY

The price band for the IPO is ₹5 to ₹50 per equity share.

We are a City Gas Distribution company in India, with operations at Banaskantha (Bajera), Fatehgarh Sahib (Punjab), Diu & Gir Somnath (Union Territory of Daman and Diu/Gir), and Namakkal & Thiruporur (Tamil Nadu), engaged in the business of city gas distribution, operating city or local natural gas distribution network.

One of the primary responsibilities of the Compensation Committee is to ensure that the remuneration of the CEO and the Chief Financial Officer is competitive with the industry standards and is fair to the company.

RISKS TO INVESTORS:

1. Our City Gas Distribution network can only be set up in areas where we receive authorization to operate. We have received the necessary permission from the Petrol and Natural Gas Regulatory Authority, but our operations are restricted to geographical boundaries and the natural gas requirements in these regions may be affected by various factors outside our control. Our control is currently operational in the City of Dhaka, Bangladesh, effecting the revenue from operations (including excise duty, compression income and other operating income and excluding natural gas trading) attributable to each of our GaAs.

2. Laying and commissioning of our existing and new gas distribution pipelines, minimum work permit requirements, etc., in our Geographical Area ("GA"). In the US, we are required to fulfill certain WPP targets for all of our GaAs, including the proposed expansion. We have, in the past, suffered delays in meeting such WPP targets for all of our GaAs. Our Bajera GaAs, Fatehgarh Sahib Diu and Diu & Gir Somnath GaAs due to factors including COVID-19 and a delay in issuance of the necessary approvals by the relevant regulatory authorities. For details on GA wise delay, please refer  

3. Supplier Concentration Risk: We are dependent on third-party gas suppliers for sourcing and transportation of natural gas and have procured 94.93% to 99.76% and 94.97% to 100.00% of the total quantity of natural gas from our top five suppliers and our top ten suppliers, respectively, between the period from Fiscal 2021 to June 2023. Our supply of LNG and PNG may also be affected in the event there is any disruption due to the breakdown in our suppliers’ network.

4. Customer Concentration Risk: We supply natural gas to two primary set of customer segments (a) CNG; and (b) PNG. Share of CNG and industrial PNG accounted in the range of 42.74% to 69.23% and 25.74% to 54.30%, respectively, of our total operations (in terms of volume) during the period from Fiscal 2021 to June 2023. We have historically been reliant on our CNG and industrial PNG supply operations and any decrease in the sales may have an adverse effect on the business, operations, financial condition and cash flows of our Company.

5. Long gestation: We typically require 15-18 months to generate revenue in GaAs. While we had received the authorization to operate from PNGR in our Banaskantha GaAs and Fatehgarh Sahib GaAs on July 1, 2016 and July 5, 2016, respectively, we were only able to generate revenue from the respective GaAs in July 2017 and January 2018. Similarly, we received the authorization to operate from Diu & Gir Somnath GaAs on September 26, 2018, but we started to generate revenue in February 2020.

6. Object of the Issue (Capital Expenditure): Significant portion of the Net Proceeds will be utilized for funding capital expenditure requirements for development of the City Gas Distribution network in the GA of Namakkal and Thiruporur which contributed 0.91% of the total operation from the revenue in three months ended June 30, 2023.

7. Pricing: The cost of natural gas on a CNG segment and PNG segment is fixed under the Pricing Guidelines (including Revised Pricing Guidelines) and is also dependent on the quantum of natural gas leased to our Company by the Ministry of Petroleum and Natural Gas ("MeG"). In the event we are allocated a lower quantum of gas by the MeG, we have to procure natural gas from other sources, which may allocate natural gas at a higher price adversely impacting our results from operations.

8. Transporting natural gas is hazardous: Our operations are subject to the risks and hazards inherent in the business of natural gas transportation and distribution such as: (a) accidents, fires, explosions, leaks or losses of natural gas; (b) damage from third parties; (c) blowouts (uncontrolled escapes of natural gas from pipelines); (d) difficulties maintaining and extending our widespread network infrastructure; and (d) natural disasters.

9. Market capitalization to total income, EV/EBITDA multiple at the upper end of the Price Band

10. Advancements in alternate sources of energy or the existence of cost-effective alternative fuels could adversely affect our business, reputation, operations and results. The table below shows our allocated usage of natural gas and cost of supply for our CNG and domestic PNG customers. Any reduction in allocation of natural gas or any increase in the cost of gas could adversely affect our business, reputation, operations and results.

11. Details of weighted average cost of acquisition of all Equity Shares transacted in last one (1) year, eighteen (18) months and three (3) years, preceding the date of RHP:

12. The market capitalization to total income multiple, EV/EBITDA multiple, price to earnings ratio on the Cash Price and Weighted average return on net worth of our Company may not be indicative of the market price of the Equity Shares on listing or thereafter.

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14. The two BRLMs associated with the Issue have handled 11 public issues in the past three years, out of which 5 issues closed below the issue price on listing date.

BID/ISSUE PERIOD

BID/ISSUE CLOSES ON FRIDAY, OCTOBER 20, 2023

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