

Date: October 21, 2023

To:

The Board of Directors,

IRM Energy Limited

4th Floor, Block 8, Magnet Corporate Park,
Near Sola Bridge, S.G. Highway
Ahmedabad 380054
Gujarat, India

HDFC Bank Limited

Investment Banking Group
Unit No. 401 & 402, 4th Floor,
Tower B, Peninsula Business Park,
Lower Parel,
Mumbai 400 013
Maharashtra, India

BOB Capital Markets Limited

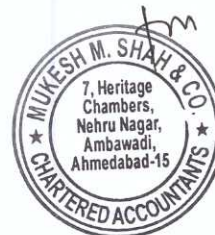
1704, B Wing, 17th Floor,
Parinee Crescenzo Bandra Kurla Complex,
Plot No. C38/39, G Block, Bandra
Mumbai 400051
Maharashtra, India

(HDFC Bank Limited and BOB Capital Advisors Limited are appointed in relation to the Issue and are collectively referred to as the “Book Running Lead Managers” or “BRLMs” in relation to the Issue)

Re: Proposed initial public offering of equity shares of face value of ₹ 10 (the “Equity Shares”) of IRM Energy Limited (the “Company” and such offering, the “Fresh Issue” or the “Issue”)

We have been requested to verify the information included in **Annexure 1**, which is proposed to be included in prospectus (“**Prospectus**”) intended to be filed with the Registrar of Companies, Gujarat at Ahmedabad (the “**RoC**”) and thereafter filed with the SEBI and the Stock Exchanges, and other Issue related documents.

We have performed the agreed upon procedures and enumerated below with respect to the operational key performance indicators including business metrics and operational data of the Company and its subsidiaries (“**KPIs**”) as of the respective dates and for the respective period mentioned against each KPI in Annexure 1 (the “**Periods**”), set forth in the accompanying schedules. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400, “Engagements to Perform Agreed-upon Procedures regarding Financial Information”, issued by the Institute of Chartered Accountants of India. SRS 4400 is generally adopted to perform agreed upon procedures regarding financial information; however, this standard can also be used as a guide to perform agreed upon procedures regarding non-financial information.



To evaluate the accuracy, validity and completeness of KPIs:

- A. We have compared the amounts identified by you on the attached copy of the Prospectus to the corresponding amounts set out in the relevant Annexures hereto and found them to be in agreement. We have also compared the amounts in the Annexures hereto to the corresponding amounts appearing in the restated financial statements, audited financial statements, accounting records, other financial and / or operational records and registers, including invoices, management reports, internal financial and operational reports, reports used for periodic MIS reporting, reports from digital / computerized systems including the extracts of minutes of board meetings and other applicable committees and any other documents necessary or required for verification of the relevant information, and found all such amounts to be in agreement.
- B. We have compared the amounts identified in the attached copy of the Prospectus to the corresponding amounts appearing in the restated financial statements, audited financial statements, accounting records, other financial and / or operational records and registers, including invoices, management reports, internal financial and operational reports, reports used for periodic MIS reporting, reports from digital / computerized systems including the extracts of minutes of board meetings and other applicable committees and any other documents necessary or required for verification of the relevant information, and found them to be in agreement.

The agreed-upon-procedures and data provided for the KPIs and the definitions and assumptions in relation to these KPIs have been mentioned in the below table:

KPI	Remarks/ Definition/ Assumption
Volume	Volume of CNG and PNG
Volume Growth	Increase/Decrease in volume as a % (vis-a-vis corresponding period)
Net Revenue from Operation (Net of Excise Duty)	Revenue from operation less excise duty on compressed natural gas.
Gas Cost	Purchases of stock-in-trade of natural gas plus Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade
Gross Margin	Net Revenue from operation less Gas cost
EBITDA (Consolidated)	Consolidated PAT + Taxes + Depreciation and amortization expense + Finance Costs - other income
EBITDA % (as % to net revenue from operations)	Consolidated EBITDA divided by Net Revenue from Operation (Net of Excise Duty)
PAT (Consolidated)	Consolidated Profit after Tax
EPS (Consolidated)	PAT (Consolidated) divided by weightage number of equity shares in calculation basic EPS
ROE (Consolidated)	Profit after Tax divided by Total Equity
ROCE (Consolidated)	Consolidated EBIT divided by Capital Employed EBIT = Consolidated EBITDA less Depreciation and Amortization Expense Capital Employed = Total Asset less Current Liabilities

On the basis of such examination of the documents / records / information, we confirm that the information set forth in Annexures forming a part of this certificate, duly initialed by us, which is also reproduced in the Prospectus, is correct and accurate and nothing to our attention that caused us to believe that the information contained in Annexure A was not accurate, valid and complete.



Based on such procedures performed by us, our review of the relevant document and discussions with the management of the Company, we confirm that the information in Annexures have been accurately extracted from the financial statements, accounting records and management information systems of the Company subject to internal operating control and financial reporting procedures and are true, fair accurate, correct and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

We confirm that we will immediately inform any changes in writing to the above information to the Company and the Book Running Lead Managers until the date when the Equity Shares commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be considered as updated information until the Equity Shares commence trading on the Stock Exchanges pursuant to the Issue.

This certificate is for information and for inclusion (in part or full) in the Prospectus to be filed in relation to the Issue or any other Issue related material or presentation, and may be relied upon by the Company, the Book Running Lead Managers and the legal advisor to the Company and the Book Running Lead Managers. We hereby consent to the submission of this certificate as may be necessary to the SEBI, the RoC, the Stock Exchanges and any other regulatory authority and/or for the records to be maintained by the Book Running Lead Managers and in accordance with applicable law.

Yours faithfully,

**For and on behalf of
Mukesh M. Shah & Co.
Chartered Accountants**

Firm Registration Number: 106625W



Harsh P. Kejriwal
Partner

Membership No.: 128670

UDIN: 23128670BGWGUL2937

Place: Ahmedabad



CC:

Trilegal

One World Centre
10th Floor, Tower 2A & 2B,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai 400 013
Maharashtra, India

J. Sagar Associates

Vakils House,
18 Sprott Road
Ballard Estate
Mumbai 400 001
Maharashtra, India

Annexure 1

Sr. No	Particulars	Three months period ended June 30, 2023	Three months period ended June 30, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
A	Operational Performance					
1	Volume (mmscm)					
	CNG	22.58	22.18	83.69	72.54	43.13
	PNG	23.10	24.75	112.74	78.52	19.87
	Total	45.69	46.93	196.43	151.06	63.00
2	Volume growth %	(2.66%)	84.19%	30.04%	139.79%	39.23%
B	Financial Performance					
1	Net Revenue from Operations (net of Excise Duty) (in ₹ million)	2,300.39	2,146.55	9,800.89	5,071.45	1,895.65
2	Gas Cost (in ₹ million)	1,676.93	1,604.82	7,797.76	2,482.31	770.67
3	Gross Margin (in ₹ million)	623.46	541.73	2,003.12	2,589.14	1,124.98
4	EBITDA (Consolidated) (in ₹ million)	411.36	346.94	1,189.38	2,008.98	729.72
5	EBITDA (as % to net revenue from operations)	17.88%	16.16%	12.14%	39.61%	38.49%
6	PAT (Consolidated) (in ₹ million)	269.06	205.45	631.46	1,280.28	348.89
7	EPS (Consolidated)	8.89 ^S	7.00 ^S	20.93	43.88	12.39
8	ROE (Consolidated)	7.21% ^S	7.77% ^S	18.23%	52.53%	29.67%
9	ROCE (Consolidated)	4.93% ^S	5.95% ^S	14.19%	39.01%	19.98%

S Not annualized



Explanation for the Key Performance Indicators:

KPI	Remarks/ Definition/ Assumption
Volume	Volume of CNG and PNG
Volume Growth	Increase/Decrease in volume as a % (vis-a-via corresponding period)
Net Revenue from Operation (Net of Excise Duty)	Revenue from operation less excise duty on compressed natural gas.
Gas Cost	Purchases of stock-in-trade of natural gas plus Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade
Gross Margin	Net Revenue from operation less Gas cost
EBITDA (Consolidated)	Consolidated PAT + Taxes + Depreciation and amortization expense + Finance Costs - other income
EBITDA % (as % to net revenue from operations)	Consolidated EBITDA divided by Net Revenue from Operation (Net of Excise Duty)
PAT (Consolidated)	Consolidated Profit after Tax
EPS (Consolidated)	PAT (Consolidated) divided by weightage number of equity shares in calculation basic EPS
ROE (Consolidated)	Profit after Tax divided by Total Equity
ROCE (Consolidated)	Consolidated EBIT divided by Capital Employed EBIT = Consolidated EBITDA less Depreciation and Amortization Expense Capital Employed = Total Asset less Current Liabilities

Information Received from Company

The following information has been provided by the Company:

1. Restated Consolidated Financial Statement for the three months ending June 30, 2023, and June 30, 2022 and fiscal year ending March 31, 2023, 2022 and 2021
2. Volume of CNG and PNG for the three months ending June 30, 2023, and June 30, 2022, three month ending June 30, 2021 and fiscal year ending March 31, 2023, 2022, 2021 and 2020.

The key performance indicators set forth above, have been approved by the Audit Committee pursuant to its resolution dated October 9, 2023. Further, the Audit Committee has on October 9, 2023 taken on record that other than the key performance indicators set forth above, our Company has not disclosed any other such key performance indicators during the last three years preceding the date of the Prospectus to its investors.



Comparison of Accounting Ratios with Listed Industry Peers

Fiscal 2023	Standalone/ Consolidated	Face Value	EPS (₹)		NAV (per share) (₹)	P/E	RONW (%)	Total Revenue (in ₹ millions)
			Basic	Diluted				
IRM Energy Limited	Consolidated	10	20.93	20.93	114.48	N.A	18.23	9,800.89
Listed peers								
Gujarat Gas Limited	Consolidated	2	22.20	22.20	102.09	18.69	21.75	1,67,594.00
Indraprastha Gas Limited	Consolidated	2	23.42	23.42	113.30	19.21	20.67	1,41,458.50
Mahanagar Gas Limited	Standalone	10	79.98	79.98	418.53	12.64	19.11	62,992.80
Adani Total Gas Limited	Consolidated	1	4.97	4.97	26.74	125.18	18.58	43,781.90

Notes:

a) With respect to our Company, the information above is based on the Restated Consolidated Financial Statements for the year ended March 31, 2023

b) Financial information for listed industry peers mentioned above is for the year ended March 31, 2023 is based on disclosures/submissions made by these companies to the stock exchanges/ financial hosted on their website

c) Diluted EPS refers to the diluted earnings per share of the respective company

d) NAV is computed as the net worth at the end of the year divided by the closing outstanding number of equity shares

e) P/E Ratio has been computed based on the closing market price of the equity shares (Source: NSE) on September 28, 2023, divided by the diluted EPS of March 31, 2023

f) RoNW is computed as net profit attributable to owners of the company divided by net worth at the end of the year

g) Net worth is share capital and other equity

h) Revenue is revenue from operation net of excise duty

i) The peer companies are those that are listed in Stock exchange as on the date. The companies in CGD business that are not listed are not included in the list above.



Comparison of Key Performance Indicators for Fiscal 2023, Fiscal 2022, Fiscal 2021 and the three months period ended June 30, 2023 and comparative three months period ended June 30, 2022 with Listed Industry Peers

Particulars	IRM Energy Limited (Consolidated)			Gujarat Gas Limited (Consolidated)			Indraprastha Gas Limited (Consolidated)			
	FY21	FY22	FY23	Three months ended June 30, 2022	Three months ended June 30, 2023	FY21	FY22	FY23	Three months ended June 30, 2022	Three months ended June 30, 2023
Operational Performance										
Volume										
CNG (MMSCM)	43.13	72.54	83.69	22.18	22.58	475.00	726.00	1,141.44	222.04	535.08
PNG (MMSCM)	19.87	78.52	112.74	24.75	23.10	2,932.00	3,179.00	1,922.24	672.52	303.94
Total (MMSCM)	63.00	151.06	196.43	46.93	45.69	3,427.00	3,905.00	3,063.68	894.56	839.02
Volume Growth (in %)	39.23%	139.79%	30.04%	84.19%	-2.66%	-0.78%	13.95%	-21.54%	-1.80%	-6.21%
Financial Performance										
Net Revenue from Operations (net of Excise Duty) (in ₹ million)	1,895.65	5,071.45	9,800.89	2,146.55	2,300.39	98,664.40	1,64,562.20	1,67,594.00	51,700.80	37,815.10
Gas Cost (in ₹ million)	770.67	2,482.31	7,797.76	1,604.82	1,676.93	69,910.00	1,34,441.10	1,32,734.30	42,972.90	30,945.10
Gross Margin (in ₹ million)	1,124.98	2,589.14	2,003.12	541.73	623.46	28,754.40	30,121.10	34,859.70	8,727.90	6,870.00
EBITDA Consolidated (in ₹ million)	729.72	2,008.98	1,189.38	346.94	411.36	20,862.80	20,660.20	23,948.50	6,073.90	3,888.60
EBITDA (as % to net revenue from operations)	38.49%	39.61%	12.14%	16.16%	17.88%	21.15%	12.55%	14.29%	11.75%	10.28%
PAT (Consolidated) (in ₹ million)	348.89	1,280.28	631.46	205.45	269.06	12,703.70	12,873.70	15,283.80	3,819.00	2,159.50
EPS (Consolidated) (in ₹)	12.39	43.88	20.93	7.00	8.89	18.45	18.70	22.20	5.55	3.14
ROE (Consolidated) (in %)	29.67%	52.53%	18.23%	**	**	28.37%	22.87%	21.75%	**	**
ROCE (Consolidated) (in %)	19.98%	39.01%	14.19%	**	**	27.99%	23.76%	24.21%	**	**

Notes:

\$ Not annualized

** This ratio is not computed and disclosed as the related data for computation is not available/published by the Companies for the three months period ending June 30, 2023 and June 30, 2022

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the financial results of the respective company for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 submitted to stock exchanges. All the financial information for IRM Energy Limited mentioned above is on a consolidated basis from the Restated Consolidated Financial Information for the year ended March 31, 2023.



Comparison of Key Performance Indicators for Fiscal 2023, Fiscal 2022, Fiscal 2021 and the three months ended June 30, 2023 and June 30, 2022 with Listed Industry Peers

Particulars	IRM Energy Limited (Consolidated)*			Mahanagar Gas Limited (Standalone)			Adani Total Gas Limited (Consolidated)		
	FY21	FY22	Three months ended June 30, 2022	FY21	FY22	Three months ended June 30, 2022	FY21	FY22	Three months ended June 30, 2022
Operational Performance									
Volume									
CNG (MMSCM)	43.13	72.54	22.18	22.58	516.51	771.61	909.43	231.09	225.81
PNG (MMSCM)	19.87	78.52	24.75	23.10	339.88	323.19	339.88	82.66	84.69
Total (MMSCM)	63.00	151.06	46.93	45.69	1,094.80	1,249.31	1,249.31	313.75	310.50
Volume Growth (in %)	39.23%	139.79%	30.04%	84.19%	(2.66%)	35.64%	14.11%	43.76%	(1.04%)
Financial Performance									
Net Revenue from Operations (net of Excise Duty) (in ₹ million)	1,895.65	5,071.45	2,146.55	2,300.39	21,525.30	62,992.80	14,547.50	15,377.90	16,956.00
Gas Cost (in ₹ million)	770.67	2,482.31	1,604.82	1,676.93	7,470.00	44,348.50	10,039.10	8,441.60	7,700.00
Gross Margin (in ₹ million)	1,124.98	2,589.14	541.73	623.46	14,055.30	15,151.90	4,508.40	6,936.30	9,256.00
EBITDA Consolidated (in ₹ million)	729.72	2,008.98	346.94	411.56	9,339.54	9,243.18	11,841.90	2,855.50	5,212.70
EBITDA (as % to net revenue from operations)	38.49%	39.61%	16.16%	17.88%	43.39%	18.80%	19.63%	33.90%	40.15%
PAT (Consolidated) (in ₹ million)	348.89	1,280.28	205.45	269.06	6,195.80	7,900.50	1,852.00	3,684.00	4,628.20
EPS (Consolidated) (in ₹)	12.39	43.88	7.00	8.89	62.72	60.43	79.98	18.75	37.30
ROE (Consolidated) (in %)	29.67%	52.53%	18.23%	**	19.17%	16.59%	19.11%	**	23.93%
ROCE (Consolidated) (in %)	19.98%	39.01%	14.19%	**	21.78%	18.64%	21.52%	**	25.81%

Notes:

* Not annualized

** This ratio is not computed and disclosed as the related data for computation is not available/published by the Companies for the three months period ending June 30, 2023 and June 30, 2022.

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the financial results of the respective company for the year ended March 31, 2023, March 31, 2022 and March 31, 2021, submitted to stock exchanges. All the financial information for IRM Energy Limited mentioned above is on a consolidated basis from the Restated Consolidated Financial Information for the year ended March 31, 2023..



We have also obtained an understanding of the financial and other reporting procedures and systems of the Company involved in generating the information provided.

We confirm that there are no projects as at reporting date which has exceeded cost as compared to its original approved plan.

The revenues from the distribution of CNG and PNG vary for each of the geographical areas of the Company. While distribution of CNG is predominant in the Banaskantha and Diu and Gir Somnath geographical area, the Fatehgarh Sahib geographical area focuses on supply of PNG.

The Company has a consistent track record of growth in volumes, revenues and profits. The volume of supplied natural gas decreased (i) from 46.93 MMSCM for the three months ended June 30, 2022 to 45.69 MMSCM for the three months ended June 30, 2023, at a CAGR of (-)2.66%; and (ii) increased from 63 MMSCM for Fiscal 2021 to 196.43 MMSCM for Fiscal 2023, at a CAGR of 76.58%. The net revenue from operations (net of excise duty) increased (i) from ₹ 2,146.55 million for the three months ended June 30, 2022 to ₹ 2300.39 million for the three months ended June 30, 2023, at a CAGR of 7.17 %; and (ii) from ₹ 1,895.65 million for Fiscal 2021 to ₹ 9800.89 million for Fiscal 2023, at a CAGR of 127.38%. Our ROCE amounted to 5.60% (not annualized), 6.99% (not annualized), 14.19%, 39.01% and 19.98% as at June 30, 2023 and June 30, 2022, and as at March 31, 2023, 2022 and 2021, respectively.

The Company have been able to grow their revenue over the years, supported by healthy year-on-year growth in volume, driven by infrastructure augmentation as well as increased penetration in the Banaskantha and Fatehgarh Sahib GAs. Accordingly, the industrial customers of the Company have grown from 59 to 186 from Fiscal 2021 to Fiscal 2023.

As at June 30, 2023, June 30, 2022, March 31, 2023, March 31, 2022 and March 31, 2021, the Company employed 170 employees, 129 employees, 165 employees, 116 employees and 94 employees, respectively.

The table below reflects the breakdown of the employees of the Company, as at June 30, 2023, June 30, 2022, March 31, 2023, March 31, 2022 and March 31, 2021, respectively:

Sr. No.	Nature of Employment	Number of Employees				
		As at June 30, 2023	As at June 30, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
1.	Permanent employees	146	106	142	96	77
2.	Company contract employees	24	23	23	20	17
3.	Third-party contract employees	52	45	53	69	52
4.	Retainer employees on consultant role	4	4	4	2	0
	Total	226	178	222	187	146

Procedures Performed on Information Received

We have performed the following procedures on the information received:

1. Verified the arithmetical accuracy of the information and computed the numbers for deriving the KPIs.
2. Recalculated the percentage for KPIs (wherever required) vis-à-vis corresponding figures.

