



### Company Overview

Ellenbarrie Industrial Gases Ltd. (EIG), one of the oldest operating industrial gases companies in India, manufactures and supplies industrial gases including oxygen, carbon dioxide, acetylene, nitrogen, helium, hydrogen, argon, and nitrous oxide, as well as dry ice, synthetic air, fire-fighting gases, medical oxygen, liquid petroleum gas, welding mixtures, and specialty gases catering to a diverse set of end-use industries. EIG is a key player in the industrial gases market in East and South India, holding a leading position in West Bengal, Andhra Pradesh, and Telangana in terms of installed manufacturing capacity. The company provides project engineering services, leveraging its extensive technical expertise to design, engineer, supply, install, and commission tonnage air separation units (ASUs) and related projects on a turnkey basis for customers across various sectors. The company also offers turnkey solutions involving medical gas pipeline systems, where it assists healthcare facilities in designing, installing, commissioning, operating, and maintaining these systems. In addition, it supplies essential medical equipment to healthcare facilities, including anaesthesia workstations, spirometers, ventilators, sterilizers, bedside monitors, and lung diffusion testing machines. The company operates across multiple modalities of supply, namely onsite, bulk, and packaged, whereby it distributes its products through pipelines connected to the customers, cryogenic tankers, and cylinders. It has one of the most extensive distribution networks in the country, ranking third in terms of transport tankers, cylinders, and customer installations. EIG's portfolio of industrial and medical gases plays a critical role in serving public and private clients across various industries, including steel, pharmaceuticals and chemicals, healthcare, engineering and infrastructure, railways, aviation, aerospace, petrochemicals, and defense. The company operates nine facilities located across East, South, and Central India, with five in West Bengal, two in Andhra Pradesh, one in Telangana, and one in Chhattisgarh.

### Objects of the issue

The company proposes to utilize the net proceeds from the fresh issue towards funding the following objects:

- ⇒ Repayment/prepayment, in full or in part, of certain outstanding borrowings availed by the company;
- ⇒ Setting up of an air separation unit at the Uluberia-II plant with a capacity of 220 TPD; and
- ⇒ General corporate purposes.

### Investment Rationale

#### Comprehensive product portfolio catering to a diverse customer base minimizes concentration risks

EIG has built strong relationships with several Indian customers across industries over its fifty-year operational history. The company sold its products to 1,829 customers, one of the highest customer counts among gas companies in India, demonstrating a highly diversified customer base and limited concentration risk. By manufacturing a wide variety of industrial gases, EIG serves various sectors, including shipbuilding, glass and steel manufacturing, pharmaceuticals, welding, and fabrication, where the consistent supply of gases is critical to operations. The company supplies various gases, including nitrogen, to major oil and gas companies across multiple sites, as nitrogen is used for increasing well pressure during oil exploration and for purging hydrocarbons in pipelines and tanks during refining. The company also produces ultra-high-purity nitrogen gas for the electronics industry, requiring special technical acumen, and ultra-high-purity oxygen used in laboratories, solar cell manufacturing, and semiconductor applications. EIG actively engages with customers to expand the range of applications for its gases, thereby enhancing customer efficiency and increasing its share of customer spending. It also supplies to sectors such as defense and aerospace, including Indian Air Force bases across East, South, and West India, Eastern Naval Command bases, and various government-owned laboratories. As a part of its project engineering operations, EIG utilizes its extensive technical expertise to design, engineer, supply, install, and commission tonnage ASUs and related infrastructure on a turnkey basis for clients across several sectors.

#### Strategic locations and a robust distribution network in East and South India enhance supply chain efficiency

EIG has built a strong manufacturing and distribution presence across East and South India, operating nine facilities in West Bengal, Andhra Pradesh, Telangana, and Chhattisgarh. These include three bulk manufacturing ASU plants along with cylinder filling stations, two standalone cylinder filling

### Issue Details

Offer Period	24 <sup>th</sup> June 2025 - 26 <sup>th</sup> June 2025
Price Band	Rs. 380 to Rs. 400
Bid Lot	37
Listing	BSE & NSE
Issue Size (no. of shares in mn)	21.3
Issue Size (Rs. in bn)	8.5
Face Value (Rs.)	2

### Issue Structure

QIB	50%
NIB	15%
Retail	35%

BRLM	Motilal Oswal Investment Advisors Ltd., IIFL Capital Services Ltd., JM Financial Ltd.
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Registrar	KFin Technologies Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoters and promoter group	96.5	81.6
Public	3.5	18.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

(Assuming issue subscribed at higher band)

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# Ellenbarrie Industrial Gases Limited

stations, and four onsite plants at customer premises, contributing to its leadership in installed capacity in West Bengal, Andhra Pradesh, and Telangana. With a total oxygen production capacity of 1,250 TPD and the distinction of commissioning Eastern India's first hydrogen electrolyser, the company offers multiple supply modes - onsite, bulk, and packaged - backed by one of the largest fleets of tankers and over 39,560 cylinders. Its facilities in East and South India are strategically located near key pharmaceutical, steel, automotive, railway wagons and locomotive companies, enabling it to service key customers promptly and efficiently. The company has built a robust distribution network supported by its production facilities with the third highest number of transport tankers, cylinders and customer installations in India. To further scale operations, the company has initiated an expansion at its Uluberia facility in West Bengal, with a second plant, and plans two additional projects - one in North India and another in West Bengal - to strengthen its pan-India footprint. It also recently expanded capacity by 170 TPD at a major steel customer's Kharagpur site in January 2025. These expansion plans aim to address rising demand across various sectors and enhance supply chain efficiency nationwide.

## Valuation

Ellenbarrie Industrial Gases Ltd. manufactures and supplies industrial gases catering to diverse end-use industries. The company offers services, including project engineering services and also turnkey solutions involving medical gas pipeline systems. In addition, it supplies medical products and equipment to healthcare facilities. The industrial gases market in India is projected to reach USD 1.75 billion by 2028, growing at a CAGR of 7.5%. The industry is directly and significantly influenced by overall economic growth. It is characterized by high customer retention, particularly among large clients, as gases are often supplied directly through pipelines under long-term contracts, typically spanning 15 to 20 years. Given the critical role of industrial gases in manufacturing processes, along with the risks and costs associated with supply disruptions, customers are extremely selective when choosing new suppliers. EIG has effectively addressed these challenges through its long-standing operating history and strong customer relationships, which contribute to stable and recurring revenue. The company benefits from long-term partnerships with three key onsite customers and has established a highly efficient distribution network, supported by its strong manufacturing presence in East and South India. It offers flexible supply options - onsite, bulk, and packaged - based on customer requirements, providing a significant competitive advantage. Its comprehensive product portfolio, catering to diverse industries such as steel, pharmaceuticals and chemicals, healthcare, engineering and infrastructure, railways, aviation, aerospace, petrochemicals, and defense, enhances customer efficiency and minimizes concentration risks. Financially, EIG has delivered a revenue CAGR of 23.4% between FY23 and FY25, while expanding its EBITDA margin from 16.4% to 35.1%, reflecting operational leverage. The company is well-positioned to capitalize on sectoral growth while maintaining profitability and scale. **The issue is valued at a P/E ratio of 62.9x at the upper price band based on FY25 earnings, which is relatively cheaper compared to its peers. Considering the above compelling factors, we recommend a "SUBSCRIBE" rating for this issue.**

## Key Risks

- ⇒ The company supplies products to certain government entities and public sector undertakings through a competitive bidding process where the contracts are awarded on a tender basis. If the company fails to secure these contracts in the future, then it may affect the business, results of operations, cash flows and financial condition of the company. Any change in qualification criteria, unexpected delays, or uncertainties in the tendering process may harm the business. Furthermore, there is a risk of encountering delays in receiving payments from such entities, which could impact the company's cash flows.
- ⇒ The company is subject to strict quality requirements, regular inspections and audits, and sales of its products are dependent on its quality controls and standards. Any failure to comply with quality standards may adversely affect its business prospects and financial performance, including cancellation of existing and future orders.
- ⇒ The business is dependent on its facilities. Four of its facilities are located at the sites of its customers, and any deterioration in their relationship with these customers could adversely affect the business, results of operations, cash flows, and financial condition.

# Ellenbarrie Industrial Gases Limited

## Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
<b>Revenue</b>			
Revenue from operations	2,051	2,695	3,125
<b>Total revenue</b>	<b>2,051</b>	<b>2,695</b>	<b>3,125</b>
<b>Expenses</b>			
Cost of Material Consumed	41	38	32
Purchase of Stock-in-Trade	222	534	333
Changes in inventories of finished goods & stock-in-trade	-5	-23	-8
Employee benefit expenses	144	161	228
Power expenses	740	777	749
Impairment loss on financial assets	63	46	21
Other expenses	509	547	672
<b>Total operating expenses</b>	<b>1,715</b>	<b>2,079</b>	<b>2,027</b>
<b>EBITDA</b>	<b>336</b>	<b>615</b>	<b>1,097</b>
Depreciation & amortization expenses	114	100	207
<b>EBIT</b>	<b>222</b>	<b>515</b>	<b>890</b>
Finance costs	35	80	171
Other Income	186	207	359
<b>PBT</b>	<b>373</b>	<b>642</b>	<b>1,078</b>
<b>Tax expense</b>			
Current tax	108	120	191
Prior year taxes	5	0	2
Deferred tax	-21	69	52
<b>Total tax</b>	<b>91</b>	<b>189</b>	<b>245</b>
<b>Net Profit</b>	<b>281</b>	<b>453</b>	<b>833</b>
<b>Diluted EPS</b>	<b>2.2</b>	<b>3.5</b>	<b>6.4</b>

Source: RHP, BP Equities Research

## Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Cash Flow from operating activities	387	437	43
Cash flow from investing activities	-1,142	-1,217	-569
Cash flow from financing activities	866	675	519
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>111</b>	<b>-105</b>	<b>-7</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3</b>	<b>114</b>	<b>9</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>114</b>	<b>9</b>	<b>2</b>

Source: RHP, BP Equities Research

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## Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	1,815	3,293	3,376
Capital Work-in-Progress	714	4	453
Other intangible assets	3	2	1
Right-of-Use Assets	22	13	12
<b>Financial Assets</b>			
(i) Trade Receivable	0	0	10
(ii) Investments	272	579	1,077
(iii) Loans	0	80	58
(iv) Other financial assets	458	440	1,004
Non-current tax asset (net)	144	85	30
Other non-current assets	185	190	348
<b>Total Non Current assets</b>	<b>3,613</b>	<b>4,686</b>	<b>6,370</b>
<b>Current Assets</b>			
Inventories	84	110	142
<b>Financial Assets</b>			
(i) Investments	837	1,118	866
(ii) Trade receivables	394	453	826
(iii) Cash and cash equivalents	114	9	2
(iv) Other bank balances	32	28	28
(v) Loans	194	100	40
(vi) Others financial assets	51	53	43
Other Current Assets	194	167	143
<b>Total Current Assets</b>	<b>1,899</b>	<b>2,039</b>	<b>2,090</b>
<b>Total Assets</b>	<b>5,513</b>	<b>6,725</b>	<b>8,460</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	65	65	262
Other Equity	3,565	4,033	4,672
<b>Total equity</b>	<b>3,631</b>	<b>4,099</b>	<b>4,934</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	561	950	1,467
(ii) Lease Liabilities	15	7	11
(iii) Other financial liabilities	0	0	20
Provisions	50	56	85
Deferred tax liabilities (net)	188	261	310
Other non-current liabilities	0	0	153
<b>Total Non-Current Liabilities</b>	<b>815</b>	<b>1,273</b>	<b>2,046</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	450	819	986
(ii) Lease Liabilities	9	9	2
(iii) Trade payables	176	177	141
(iv) Other Financial Liabilities	156	163	199
Other Current Liabilities	274	185	83
Provisions	3	0	6
Current Tax Liabilities (Net)	0	0	65
<b>Total Current Liabilities</b>	<b>1,067</b>	<b>1,353</b>	<b>1,480</b>
<b>Total Liabilities</b>	<b>1,882</b>	<b>2,626</b>	<b>3,526</b>
<b>Total Equity and Liabilities</b>	<b>5,513</b>	<b>6,725</b>	<b>8,460</b>

Source: RHP, BP Equities Research

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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