Ellenbarrie Industrial Gases Ltd.

IPO NOTE | 24th JUNE , 2025

Canara Bank Securities Ltd
canmoney.in

ABOUT THE COMPANY: Ellenbarrie Industrial Gases Limited is one of the oldest industrial gases companies in India, with a legacy spanning over five decades since its incorporation. The company manufactures and supplies a wide range of gases, including oxygen, nitrogen, carbon dioxide, hydrogen, helium, argon, acetylene, nitrous oxide, synthetic air, medical oxygen, LPG, welding mixtures, dry ice, and specialty gases.

KEY BUSINESS INSIGHTS: In industrial gases segment customers tend to be sticky, even in the case of Ellenbarrie 85% of revenue in FY 25 came from repeat customers. The company has 1829 customers which is a diversified customers considering B2B nature of the business. The company has three modes of delivery namely bulk, package and onsite. In bulk mode liquefied gases are delivered to customers through cryogenic tankers. For package customers gases are supplied in cylinders and in the case of on-site customers a facility is set up in the premises of the client itself. Around 66% of customers are bulk customers for Ellenbarrie. Although the government does not release any comprehensive data on the industrial gases industry, as a rule of thumb this industry grows at around 4X the rate of growth of real GDP in case of developing nations and 2X the rate of GDP in case of developed nations. In case of India on a conservative side it can be assumed to be 3X which is around 10 to 12 % per year.

VIEW:

The company has delivered robust financial performance, with EBITDA rising at a CAGR of 81%—from ₹33.5 Cr in FY23 to ₹109.7 Cr in FY25—while PAT nearly tripled to ₹83.2 Cr. The IPO is attractively valued at 63x FY25 earnings at the upper price band, especially when benchmarked against its sole listed peer trading at 126x PE. Though the price-to-book ratio stands at 16x, slightly above the peer's 15x. The company's market leadership in industrial gases, backed by a long operating track record, reflects strong fundamentals and resilience.

The company has right levers in place and has the potential to grow in the long term, we recommend to **SUBSCRIBE** the IPO for **LONG TERM** gains.

SUBSCRIBE

ISSUE DETAILS	
Price Band (in ₹ per share)	380.00-400.00
Issue size (in ₹ Crore)	852.53
Fresh Issue (in ₹ Crore)	452.53
Offer for Sale (in ₹ Crore)	400.00
Issue Open Date	24.06.2025
Issue Close Date	26.06.2025
Tentative Date of Allotment	27.06.2025
Tentative Date of Listing	01.07.2025
Total Number of Shares (in lakhs)	213.13
Face Value (in ₹)	2.00
Exchanges to be Listed on	BSE & NSE

APPLICATION	LOTS	SHARES	AMOUNT (₹)
Retail (Min)	1	37	14,800
Retail (Max)	13	481	1,92,400
S-HNI (Min)	14	518	2,07,200
S-HNI (Max)	67	2479	9,91,600
B-HNI (Min)	68	2516	10,06,400

BRLMs: Motilal Oswal Investment Advisors Limited, IIFL Capital Services Limited, JM Financial Limited

PROMOTERS: Padam Kumar Agarwala, Varun Agarwal

BRIEF FINANCIALS

PARTICULARS (Rs. Cr) *	FY25	FY24	FY23
Share Capital	26.18***	6.54	6.54
Net Worth	333.61	250.15	203.32
Revenue from Operations	312.48	269.47	205.10
EBITDA	109.73	61.53	33.58
EBITDA Margin (%)	35.12	22.83	16.38
Profit/(Loss) After Tax	83.28	45.28	28.14
EPS (in Rs.)	6.36	3.46	2.15
Net Asset Value (in Rs.)	25.48	19.11	15.53
Total borrowings	245.29	176.89	101.10
P/E#	62.89	NA	NA
P/B#	15.70	NA	NA

**Restated consolidated financials; # Calculated at Upper Price Band (400), ***In June 2024, Bonus issue of 1: 3 and split of shares in April 2024*

OBJECTS OF THE OFFER

The company proposes to utilise the Net Proceeds towards funding the following objects:

- Repayment/prepayment, in full or in part, of certain outstanding borrowings availed by the Company. (210 Crores)
- Setting up of an air separation unit at the Uluberia-II plant with a capacity of 220 TPD. (104.50 Crores)
- General corporate purposes.

FINANCIAL STATEMENTS

Profit & Loss Statement

Particulars (In Crores)	FY2023	FY2024	FY2025
INCOME			
Revenue from operations	205.11	269.48	312.48
Other Income	18.60	20.73	35.95
Total Income	**223.71**	**290.20**	**348.43**
YoY Growth (%)	-	29.72%	20.06%
Cost of Materials Consumed	4.11	3.83	3.19
Purchase of Stock in Trade	22.22	53.38	33.30
Changes in inventories of finised goods, stock-in-trade & work-in-progress	-0.46	-2.32	-0.78
Power Expense	73.97	77.66	74.92
Power Expense-% of Revenue	36.07%	28.82%	23.97%
Employee Benefit Expenses	14.41	16.06	22.76
Other Expenses	50.94	54.70	67.23
Impairment loss on financial assets	6.32	4.64	2.13
EBIDTA	**33.59**	**61.53**	**109.74**
EBIDTA Margin (%)	15.01%	21.20%	31.49%
Depreciation and amortisation expense	11.38	10.01	20.72
EBIT	**22.21**	**51.52**	**89.02**
EBIT Margin (%)	9.93%	17.75%	25.55%
Finance cost	3.55	8.03	17.14
Profit before tax	**37.26**	**64.22**	**107.83**
Tax expenses			
Current tax	10.75	11.99	19.11
Prior year tax	0.47	-	0.23
Deferred tax	-2.10	6.94	5.20
Total tax expenses	**9.12**	**18.93**	**24.54**
Profit for the year	**28.14**	**45.29**	**83.29**
PAT Margin (%)	13.72%	16.81%	26.65%
Earnings per share			
Basic earnings per share (₹)	2.15	3.46	6.36

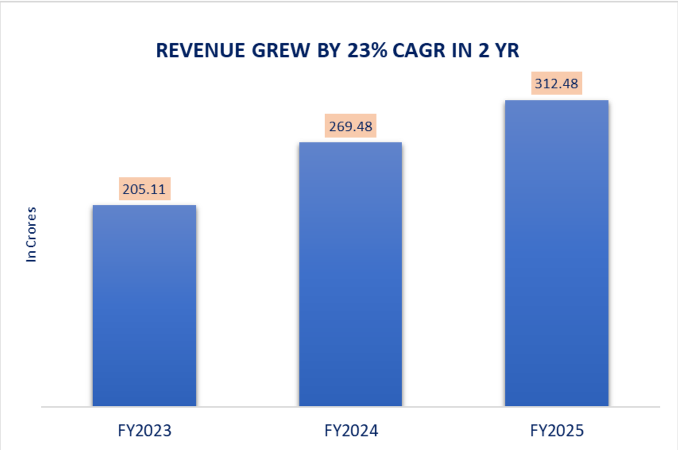
Cashflow Statement

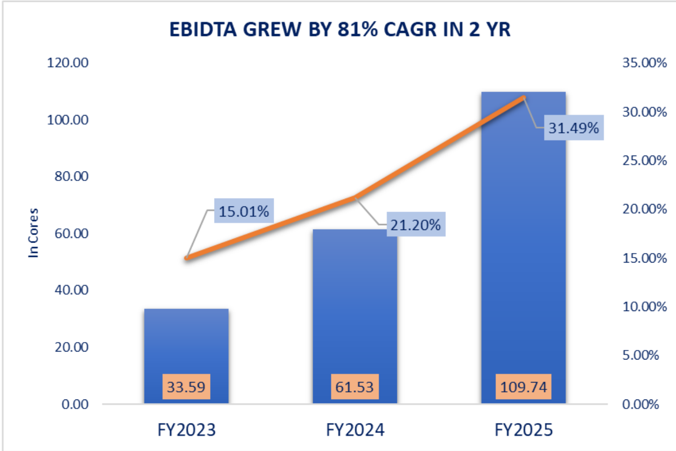
Particulars (In Crores)	FY2023	FY2024	FY2025
Cash generated from operating activities	49.55	49.82	11.65
Income tax paid (net of refunds)	-10.80	-6.07	-7.38
Net cash generated from operating activities	38.75	43.75	4.28
Net cash used in investing activities	-114.23	-121.70	-56.93
Net cash used in financing activities	86.60	67.48	51.92
Net increase/ (decrease) in cash and cash equivalents	**11.11**	**-10.47**	**-0.73**
Balance as at beginning	0.28	11.40	0.92
Cash and cash equivalent as at year end	**11.40**	**0.93**	**0.18**

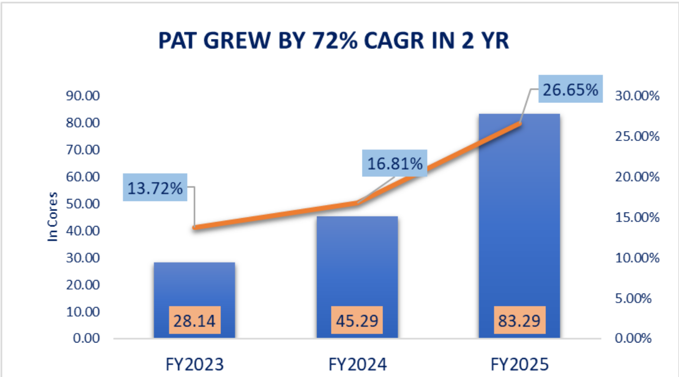
Balance Sheet

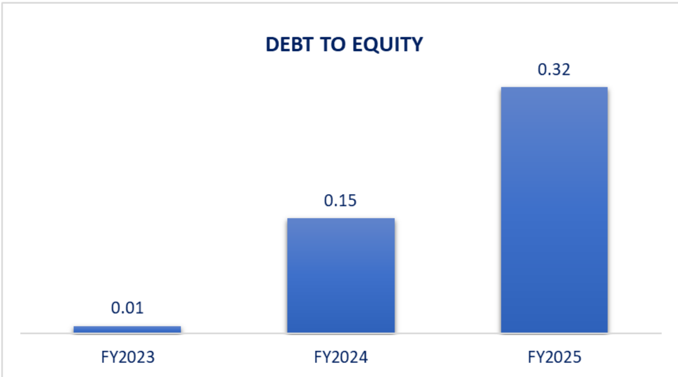
Particulars (In Crores)	FY2023	FY2024	FY2025
Assets			
Non-current assets			
Property, plant and equipment	181.50	329.30	337.59
Capital Work in Progress	71.41	0.42	45.30
Right of use assets	2.20	1.33	1.23
Other intangible assets	0.30	0.20	0.12
Financial assets			
(i) Investments	27.19	57.87	107.74
(ii) Other financial assets	-	-	1.00
(iii) Loans	-	8.00	5.75
(iv) Other financial assets	45.83	43.95	100.43
Non current tax assets (net)	14.44	8.52	3.02
Other non-current assets	18.50	19.04	34.80
Total non- current assets	**361.35**	**468.62**	**636.97**
Current Asset			
Inventories	8.42	11.01	14.19
Financial assets			
(i) Investments	83.67	111.84	86.56
(ii) Trade receivables	39.40	45.32	82.62
(ii) Cash and cash equivalents	11.40	0.92	0.18
(iv) Bank Balance Other than ii	3.21	2.83	2.84
(v) Loans	19.40	10.00	4.00
(vi) Other financial assets	5.08	5.34	4.27
Other current assets	19.36	16.67	14.34
Total current Asset	**189.92**	**203.92**	**209.00**
Total assets	**551.27**	**672.54**	**845.97**
Equity and liabilities			
Equity			
Equity Share Capital	6.55	6.55	26.19
Other Equity	356.51	403.35	467.17
Total equity	**363.06**	**409.89**	**493.36**
Liabilities			
Non-Current liabilities			
Financial liabilities			
(i) Borrowings	56.14	94.98	146.73
(ii) Lease liabilities	1.53	0.67	1.13
(iii) Other Financial Liabilities	-	-	2.00
Provisions	5.00	5.58	8.47
Deferred tax liabilities (net)	18.81	26.08	31.00
Other Non Current liabilities	-	-	15.29
Total Non-Current liabilities	**81.48**	**127.30**	**204.63**
Current liabilities			
Financial liabilities			
(i) Borrowings	44.97	81.92	98.57
(ii) Lease liabilities	0.87	0.86	0.19
(iii) Trade payables			
Due to MSME	0.44	0.93	0.50
Due to other than MSME	17.19	16.81	13.55
(iv) Other financial liabilities	15.65	16.29	19.85
Other current liabilities	27.36	18.52	8.27
Provisions	0.27	0.02	0.60
Current tax liabilities (net)	-	-	6.45
Total Current liabilities	**106.73**	**135.34**	**147.98**
Total liabilities	**188.21**	**262.64**	**352.61**
Total equity and liabilities	**551.27**	**672.54**	**845.97**

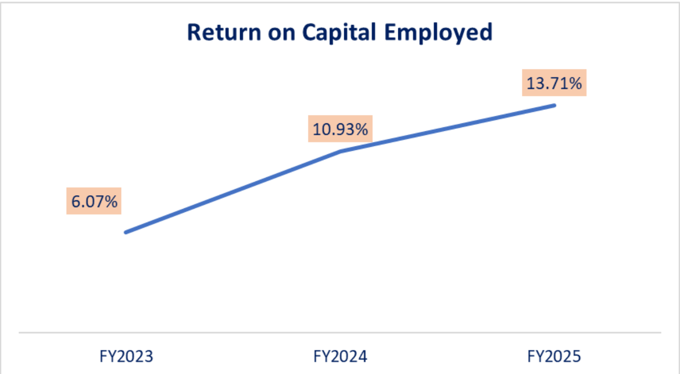
PERFORMANCE THROUGH CHARTS

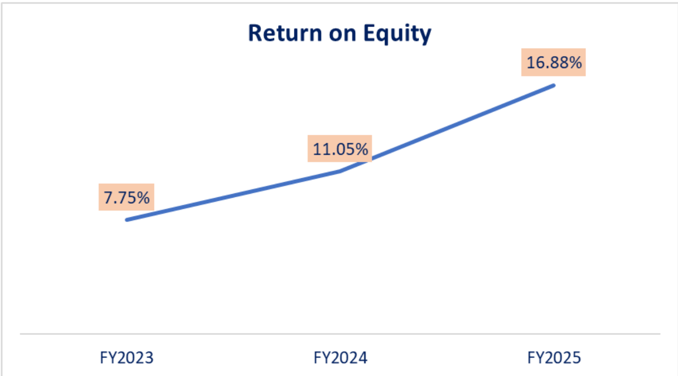


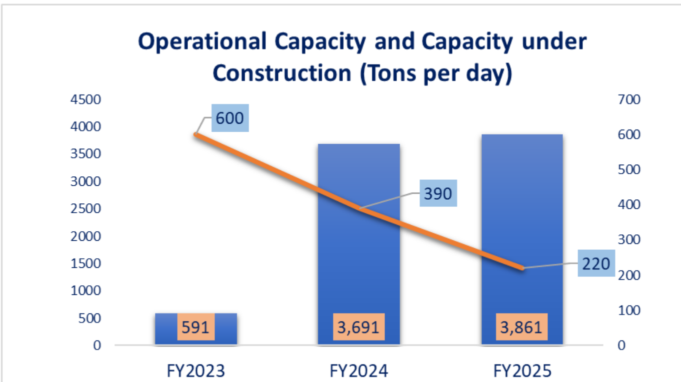












INDUSTRY REVIEW

INDIA INDUSTRIAL GASES MARKET OVERVIEW

- The market size of industrial gases in India was valued at THE COMPANY$ 1.31 billion in 2024. The demand has increased at a CAGR of 6.3% during 2018-24, driven by rapid industrialization and infrastructure development, a growing emphasis on hydrogen as a clean energy source, and innovations in gas production, storage, and distribution that enhance efficiency and reduce costs.
- The large domestic market is driven by government initiatives such as 'Make in India' and the increasing call for import substitution, as well as demand from sectors such as steel, pharmaceuticals, manufacturing, defence, chemicals, healthcare, energy, pharma and electronics, and their growth prospects. The demand is projected to reach THE COMPANY$ 1.75 billion by 2028 with CAGR of 7.5%.

GOVERNMENT OF INDIA POLICIES

- India's capacity to produce medical oxygen has expanded due to investments from the public and private sectors. In order to in prove distribution and manufacturing, it also promoted cooperation between the public and private sectors. Important initiatives like the National Oxygen Supply Program and the Pradhan Mantri Jan Arogya Yojana (PMJAY), among others, has aided in the establishment of new oxygen plants, the renovation of existing facilities, and the promotion of investment and involvement from the private sector.
- The Indian government also started programs such as the PM CARES Fund to increase the number of oxygen plants in medical facilities. A faster growth of production capacity has been made possible by streamlined regulatory procedures and expedited permissions for the establishment of oxygen plants. Government's enhanced transportation planning has helped to guarantee that oxygen gets to isolated locations.

COMPETITIVE STRENGTHS OF THE COMPANY

COMPREHENSIVE PRODUCT PORTFOLIO, CATERING TO DIVERSE END-USE INDUSTRIES

- The company manufacture a wide variety of industrial gases, including oxygen, nitrogen, argon, helium, hydrogen, carbon dioxide, nitrous oxide and acetylene, through which the company service a diverse set of industries, with its products finding use in ship building, glass manufacturing, steel manufacturing, pharmaceuticals, welding, fabrication, among others, rendering their consistent supply critical to different industries.
- The company offer dry ice, firefighting gases, liquid petroleum gas, medical oxygen, synthetic air, welding mixtures, and other speciality gases, which serve specific customer requirements. Certain of these products witness constant demand owing to the criticality of their functions. For instance, medical oxygen serves as a respiratory assistance gas that is used for patients requiring supplemental oxygen.
- As part of its project engineering operations, the company leverage its extensive technical know-how for the design, engineering, supply, installation and commissioning of tonnage ASUs and related projects on a turnkey basis for customers across several sectors. The company help customers reduce their overall carbon dioxide emissions that is produced during manufacturing processes by enhancing process efficiencies, thereby optimizing energy consumption and minimizing their carbon footprint.

LONG-STANDING CUSTOMER RELATIONSHIPS LEADING TO STABLE CASHFLOWS

- The industrial gases industry is characterised by high customer stickiness, particularly for large customers, as gas generated is directly supplied by pipelines based on long-term contracts, typically ranging from 15 years to 20 years, making a transition in supplier cumbersome, inconvenient from an integration perspective, and financially onerous.
- The company classify its customers as (i) bulk customers, to whom the company supply liquified gases through cryogenic tankers, (ii) package customers, to whom the company supply compressed gases in cylinders, and (iii) onsite customers (including customers to whom the company offer its operations and maintenance services).
- Its bulk customers demonstrate stickiness, as the infrastructure used to unload and store liquified gas at the customer's facilities is owned by the company and cannot be used by competing suppliers. Replacing infrastructure at bulk customers' facilities requires regulatory approvals from Petroleum and Explosives Safety Organisation. This incentivizes customers to continue sourcing products from the company and lowers customer churn. As of March 31, 2025, the company had 328 bulk customers, with an average contractual tenure of five years, with the possibility of renewal at mutually agreed terms.

DIVERSIFIED CUSTOMER BASE, MINIMIZING CONCENTRATION RISKS

- The company supply products to the Indian armed forces, including, at the Indian Air Force bases in East, South and West India, the Eastern Naval Command bases and multiple Government-owned laboratories. Its products are used in various applications such as weapons manufacture, manufacture of ships, aircraft pneumatics, for breathing requirement of pilots while flying on training missions and for divers while diving to repair ships.
- The company also supply products to space research organisation, multiple railway workshops and railways hospitals across East and South India, and AIIMS hospitals. The company have been one of the key suppliers to India’s space and defence programme, and its products such as liquid nitrogen are used for testing satellites by subjecting them to cryogenic temperatures to check their structural integrity.
- The company generated total revenue from operations of ₹3,124.83 million in Fiscal 2025. A significant portion of this, 72.67%, came from non-government customers, while government customers contributed 27.33%. The company's revenue concentration shows that its single largest customer accounted for 8.74% of total revenue, and the top 10 customers collectively contributed 46.67%.

RISK FACTORS

FACILITIES AT SITES OF CUSTOMERS

- As of March 31, 2025, four of its facilities are located at the sites of its customers. Two of its facilities in Kharagpur, West Bengal are located at the site of one of its customers, a major steel manufacturing company in India, and its facility at Kurnool, Andhra Pradesh is located at the site of its customer, Jairaj Ispat Limited, each pursuant to lease cum operation and maintenance agreements dated February 28, 2019 and June 1, 2021, respectively, for a period of 15 years each.
- While The company have a long operating history in terms of supply of industrial gas, The company have only commenced onsite operations at its customers' premises in 2019. Accordingly, the company may face unforeseen challenges in these operations, including disputes with the relevant customers, allegations that the company have failed to comply with its obligations under the respective agreements or inability to supply the required amount of gases.

RISKS ASSOCIATED WITH THE PRODUCTS

- The intrinsic properties of industrial gases manufactured, transformed or packaged by the company makes them hazardous. The use of these industrial gases requires specific means of control and protection in order to prevent risks such as anoxia, which is associated with inert gases; over-oxygenation or fires, associated with oxygen and oxygen mixtures or flammable gases; and the toxicity associated with certain specialty gases.
- Its manufacturing processes involve very low-temperature techniques, which are associated with a risk of cryogenic burns from liquefied gases. Further, high-temperature techniques, which are used in particular in the production of hydrogen, are particularly prone to risks of burns, fire or explosions. Pressurized equipment must be designed with safety devices which limit the risk of accidents caused by an uncontrolled increase of pressure.
- The company are required to deliver its products to customers through cylinders, cryogenic tankers and via pipelines. Accordingly, the company are subject to risks associated with distribution of such gases such as possibility for leakages and ruptures from containers, explosions, and the discharge or release of toxic or hazardous substances, which in turn may cause personal injury, property damage, destruction of inventory of finished goods and environmental contamination.

REGULATORY REQUIREMENTS

- Its operations are subject to extensive government regulations and the company are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in the geographies in which the company operate, generally for carrying out its business and for its facilities.
- Several of these approvals are granted for a limited duration. These approvals expire from time to time and the company are required to make applications for renewal of such approvals. As on the date of this Red Herring Prospectus, its Company has obtained all material approvals in relation to its business, except no objection certificate from relevant state fire department for its facility situated at Uluberia, which has expired and its Company has applied for renewal.
- Its business is also subject to inspections under certain applicable laws including the Legal Metrology Act, 2009. Further, approvals required by the company are subject to numerous conditions, such as regularly monitoring emissions in the work environment and segregating and disposing of waste as per the guidelines laid down in its environmental clearance approval, and The company cannot assure you that these conditions will be met at all times or that these approvals would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action.

PEER COMPARISON

Name of the company	Total Income (in ₹ Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV (Per share Rs)	RoE (%)	P/E*	P/B*
Ellenbarrie Industrial Gases Limited	335	2	6.36	25.48	24.97	63^	16^
Linde India Limited	1,257	10	53.33	447.91	11.91	126	15

*Financials are as of FY2025^ Calculated at upper price bands. *Calculated at closing of 19th June 2025*

Canara Bank Securities Ltd.
(A Wholly Owned Subsidiary of Canara Bank)

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