

Retail Research	IPO Note
Sector: Industrial Gases	Price Band (Rs): 380 – 400
20th June 2025	Recommendation: Subscribe

Ellenbarrie Industrial Gases Ltd

Company Overview:

Ellenbarrie Industrial Gases Ltd (EIGL) is one of the oldest operating industrial gases companies in India and has a rich legacy of over 50 years. The company manufactures and supplies industrial gases such as oxygen, carbon dioxide, acetylene, nitrogen, liquified petroleum gas, speciality gases, etc. which cater to a wide range of end-use industries. Additionally, EIGL offers project engineering services for tonnage air separation units (ASUs) and medical gas pipeline systems to customers across several sectors and also supplies medical equipment to healthcare facilities.

Key Highlights:

1. Prominent Manufacturer of Industrial Gases in India: EIGL is one of the oldest and important manufacturers of industrial gases in India. The company commands market leadership in the states of West Bengal, Andhra Pradesh and Telangana in terms of production capacity. Given the infrastructure-intensiveness of the industry, EIGL's ability to identify, manufacture and supply diverse industrial gases as per the customers' requirements.

2. Comprehensive Product Portfolio: EIGL manufactures a wide variety of industrial gases which cater to a diverse set of industries. These products find applications in ship building, glass manufacturing, steel manufacturing, pharmaceuticals, welding, fabrication, among others. In addition, the company also offers dry ice, firefighting gases, liquid petroleum gas, medical oxygen, synthetic air, welding mixtures, and other speciality gases which serve specific customer requirements and witness constant demand due to the criticality of their functions.

3. Strategically located facilities: The company operates 9 facilities across East, South and Central India. These facilities include 3 bulk manufacturing plants along with cylinder filling stations, 2 standalone cylinder filling stations, 2 onsite pipeline facilities and an aggregate 1,250 TPD of oxygen plants. The facilities are strategically located in East and South India placing the company in close proximity to key pharma, steel, automotive, railway wagons and locomotive companies.

4. Presence across multiple modalities of supply: Owing to the strategic presence of its facilities, EIGL is able to offer its products using different supply options based on the customer requirements namely onsite, bulk and packaged. The company offers its products through a combination of supply mechanisms, including pipelines connected to customers, cryogenic tankers and cylinders.

Valuation: EIGL has a strong presence as an industrial gas supplier in East and South India catering to the emerging manufacturing hubs in these regions. It owns the cylinders and equipment at the customer facilities which provides a strong entry barrier. The take or pay clause in the supply contracts provides steady revenue and derisks the company from business cycles of the customers. EIGL has an improving margin profile, in-line with the rising share of higher margin Argon gas and onsite projects. Debt repayment from the IPO proceeds will lower interest cost. This along with the capacity addition in 2HFY26 is likely to boost profitability in FY26 and FY27. At the upper price band of Rs 400, the stock is likely to trade at 67.7x FY25 EPS post issue, which is at a discount to peer Linde India. We recommend investors to Subscribe to the issue at the cut-off price.

Issue Details	
Date of Opening	24 th June 2025
Date of Closing	26 th June 2025
Price Band (Rs)	380 – 400
Offer for sale (no. of shares)	1,13,13,130
Fresh Issue (Rs cr)	400.0
Issue Size (Rs cr)	852.5
No. of shares	2,13,13,130 @upper price band
Face Value (Rs)	2.0
Post Issue Market Cap (Rs cr)	5,376 – 5,637
BRLMs	Motilal Oswal Investment Advisors Ltd, IIFL Capital Services Ltd, JM Financial Ltd
Registrar	KFin Technologies Ltd
Bid Lot	37 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%

Objects of Issue	
Particulars	Estimated utilization from net proceeds (Rs cr)
Repayment/prepayment, in full or in part, of certain outstanding borrowings availed by the company	210.0
Setting up of an air separation unit at the Uluberia-II plant with a capacity of 220 TPD	104.5
General Corporate Purposes*	85.5
Total proceeds from fresh issue	400.0

* The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	12,63,04,480	96.5
Public & Others	46,31,120	3.5
Total	13,09,35,600	100.0

Post Issue @ Lower Price Band	No. of Shares	%
Promoter & Promoter Group	11,49,91,350	81.3
Public & Others	2,64,70,566	18.7
Total	14,14,61,916	100.0

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	11,49,91,350	81.6
Public & Others	2,59,44,250	18.4
Total	14,09,35,600	100.0

Source: RHP, SSL Research

Key Financials & KPIs

Particulars (Rs cr)	FY23	FY24	FY25
Total Operational Capacity (TPD)	591	3,691	3,861
No. of Facilities Operated (#)	6	8	9
Revenue from Operations	205.1	269.5	312.5
EBITDA	39.9	66.2	111.9
PAT	28.1	45.3	83.3
EBITDA Margin (%)	19.5	24.6	35.8
PAT Margin (%)	13.7	16.8	26.7
RoE (%)	7.8	11.0	16.9
RoCE (%)	8.8	12.3	16.9
P/E (x)*	186.1	115.6	62.9

**Note: Pre-issue P/E based on upper price band*

Source: RHP, SSL Research

Risk Factors

- **Operational risk:** Given the hazardous nature of industrial gases, the company's manufacturing process involving manufacturing and transportation of these gases is subject to inherent risks. Failure to manage these operational risks may adversely affect EIGL's business, results of operations, cash flows and financial condition.
- **Customer concentration risk:** As of FY25, the company derived ~34.3% of its revenue from its top-5 customers (29.6% in FY24). This exposes the company to risks specific to these customers with respect to any deterioration in their business or substantial reduction in their dealings with the company.
- **Regulatory risk:** EIGL's operations are subject to extensive government regulations which require a number of statutory and regulatory permits and approvals under central, state and local government rules. Any delay or inability in obtaining, renewing or maintaining such permits, licenses and approvals could adversely affect the company's operations.
- **Failure to win government tenders:** The company supplies products to certain government entities and PSUs through a competitive bidding process where the contracts are awarded on a tender basis. As of FY25, government/PSU orders accounted for ~27.3% of the company's total revenue from operations. Thus, failure to obtain relevant orders due to change in qualification criteria, unexpected delays and uncertainties in the tendering process may have an adverse effect on EIGL's business. Additionally, any delay in receiving payments from such entities may also have adverse impact on the company's cash flows.

Growth Strategies

- Expanding product portfolio, particularly speciality gases and targeting additional end-use industries.
- Initiate plant manufacturing operations to compliment project engineering capabilities.
- Expand manufacturing capacity in North & West India to attain Pan-India presence.
- Create a healthy mix of Merchant and Onsite business.
- To grow through strategic acquisition and alliances.

Segment-wise Revenue Mix – Industrial Gases vs Project Engineering Services

Segment	FY23		FY24		FY25	
	Rs cr	% of Revenue	Rs cr	% of Revenue	Rs cr	% of Revenue
Industrial gases, related products & services	189.3	92.3%	226.2	83.9%	292.5	93.6%
Project engineering services	15.8	7.7%	43.3	16.1%	20.0	6.4%
Total	205.1	100.0%	269.5	100.0%	312.5	100.0%

Source: RHP, SSL Research

Product-wise Revenue Mix – Industrial Gases segment

Products Sold	FY23		FY24		FY25	
	Rs cr	% of Revenue	Rs cr	% of Revenue	Rs cr	% of Revenue
Oxygen	91.5	48.4%	108.6	48.0%	117.3	40.1%
Nitrogen	71.4	37.7%	84.4	37.3%	138.5	47.4%
Argon	13.6	7.2%	19.8	8.7%	24.4	8.3%
Acetylene	4.7	2.5%	4.4	1.9%	4.8	1.6%
Hydrogen	2.5	1.3%	2.9	1.3%	2.5	0.9%
Carbon dioxide	3.6	1.9%	2.4	1.1%	2.3	0.8%
Others*	1.9	1.0%	3.8	1.7%	2.7	0.9%
Total revenue from Industrial Gases	189.3	100.0%	226.2	100.0%	292.5	100.0%

*Others include revenue from sale of gases such as calcium carbide, dry ice, helium and other related services.

Source: RHP, SSL Research

Revenue Mix – End use industries (Industrial Gases)

Industry	FY23		FY24		FY25	
	Rs cr	% of Revenue	Rs cr	% of Revenue	Rs cr	% of Revenue
Pharmaceuticals and Chemicals	58.7	31.0%	66.6	29.4%	76.0	26.0%
Steel	41.1	21.7%	64.5	28.5%	108.3	37.0%
Dealer and retail network	32.8	17.3%	25.9	11.4%	28.8	9.9%
Healthcare	15.5	8.2%	18.2	8.1%	26.2	9.0%
Railway, Aviation, Aerospace and Space	13.0	6.9%	13.1	5.8%	15.3	5.2%
Defence	7.9	4.2%	9.7	4.3%	10.2	3.5%
Engineering and infrastructure	7.8	4.1%	9.3	4.1%	10.8	3.7%
Petrochemicals including Oil and Gas	5.1	2.7%	7.2	3.2%	8.5	2.9%
Others*	7.2	3.8%	11.6	5.1%	8.3	2.8%
Total revenue from Industrial Gases	189.3	100.0%	226.2	100.0%	292.5	100.0%

*Others include power and energy, metal production, animal husbandry and electronics.

Source: RHP, SSL Research

Use Cases of Industrial Gases – Pharma & Steel

Nitrogen

- Controlled atmosphere in reactors
- Coolant for reactor cooling
- Lyophilisation

Oxygen

- Fermentation for bio-pharma applications

Hydrogen

- Reactions for molecular synthesis

Argon, Helium

- Laboratory purpose

Synthetic Air

- Laboratory purpose



Oxygen

- Air enrichment in Blast Furnace
- Oxygen Assisted melting in Arc Furnace
- Bloom and Ingot Cutting
- Scrap Reprocessing
- Manufacture of Ferro Alloys

Nitrogen

- Converter blowing for Stainless and Special Steel
- Pulverised Coal Injection in Blast Furnace
- Blanketing in Blast Furnace

Argon

- Converter blowing for Stainless Steel
- Manufacture of Ferro Alloys



Source: RHP, SSL Research

Existing Facilities & Products Manufactured

Sr. No	Location	Installations	Products Manufactured	Supply Methods
1	Uluberia, West Bengal	ASU plant	Nitrogen, Oxygen and Argon	Tankers
		Hydrogen electrolyzer	Hydrogen and Ultra high purity oxygen	Cylinders
		Cylinder filling station	Nitrogen, Oxygen, Argon, Carbon dioxide, Hydrogen, Helium, other gas mixtures	Cylinders
2	Parawada, Andhra Pradesh	ASU plant	Nitrogen, Oxygen	Tankers
		Cylinder filling station	Nitrogen, Oxygen, Argon, Carbon dioxide, Hydrogen, Helium, other gas mixtures	Cylinders
3	Hyderabad, Telangana	ASU plant	Nitrogen, Oxygen	Tankers
		Cylinder filling station	Nitrogen, Oxygen, Argon, Carbon dioxide, Hydrogen, Helium, other gas mixtures	Cylinders
4	Kalyani, West Bengal	Cylinder filling station	Acetylene, Nitrogen, Oxygen, Argon, Carbon dioxide, Hydrogen, Helium, other gas mixtures	Cylinders
5	Panagarh, West Bengal	Cylinder filling station	Nitrogen, Oxygen, Argon, Carbon dioxide, Hydrogen, Helium, other gas mixtures	Cylinders
6	Kharagpur, West Bengal	ASU VSPA plant	Oxygen	Pipelines
		ASU onsite plant	Nitrogen, Oxygen	
7	Nagarnar, Chhattisgarh	ASU onsite plant	Nitrogen, Oxygen and Argon	Pipelines
8	Kurnool, Andhra Pradesh	ASU onsite plant	Nitrogen, Oxygen and Argon	Pipelines and Tankers
9	Kharagpur, West Bengal	ASU onsite plant	Nitrogen, Oxygen and Argon	Pipelines

Source: RHP, SSL Research

Proposed Capacity Additions

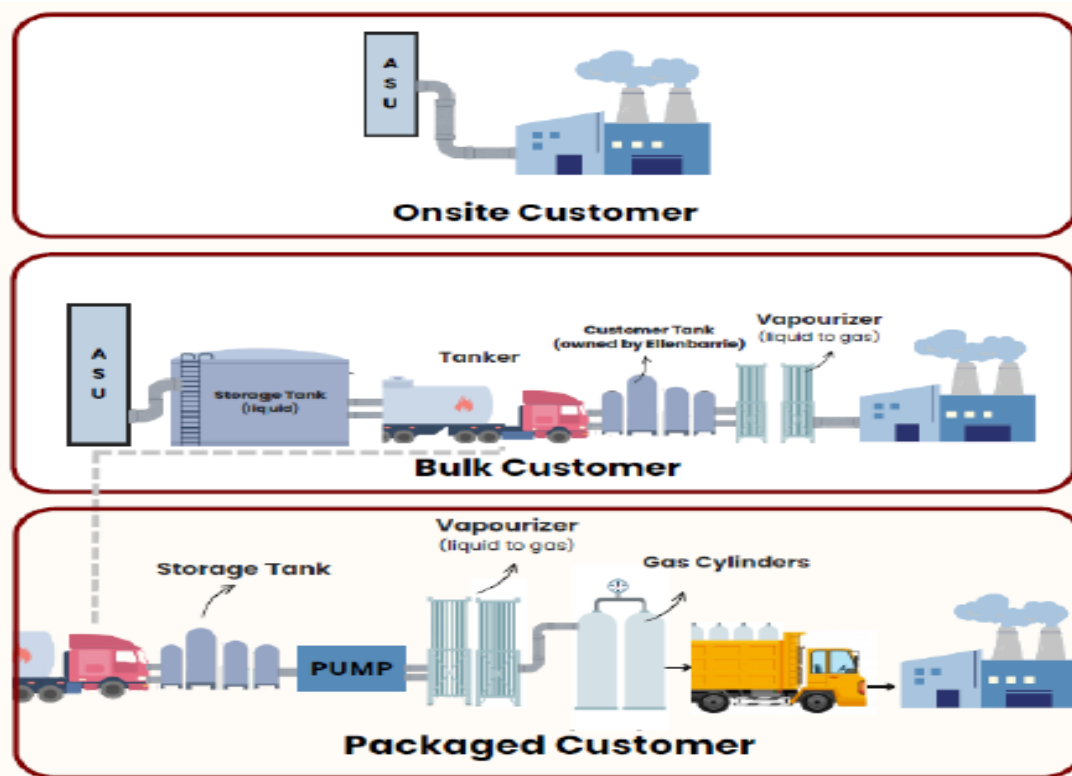
Sr. No	Expansion Project	Capacity to be added	Sources of Funds	Status
1	New plant in Uluberia, West Bengal	220 TPD	Net IPO Proceeds and Term loans	Proposed to be commissioned in October 2025
2	Liquid ASU and cylinder filing station in North India	220 TPD	Term loans and internal accruals	Proposed to be commissioned in December 2025
3	New plant in West Bengal	250 TPD	Term loans and internal accruals	Proposed to be commissioned in October 2025

All the three proposed plants are set to have capacities for producing Argon gas which is a high margin product.

Particulars	Capacity (TPD)
Existing installed capacity	3,861
Additional capacity to be installed	690
New installed capacity post 3QFY26	4,551

Source: RHP, SSL Research

Multi – Modal Supply



Source: RHP, SSL Research

Revenue Mix – Mode of Supply

Mode of Supply	FY23		FY24		FY25	
	Rs cr	% of Revenue	Rs cr	% of Revenue	Rs cr	% of Revenue
Bulk customers	142.0	75.0%	170.6	75.4%	195.2	66.8%
Package customers	42.1	22.3%	45.7	20.2%	51.5	17.6%
Onsite customers	5.1	2.7%	9.9	4.4%	45.7	15.6%
Total revenue from Industrial Gases	189.3	100.0%	226.2	100.0%	292.5	100.0%

Source: RHP, SSL Research

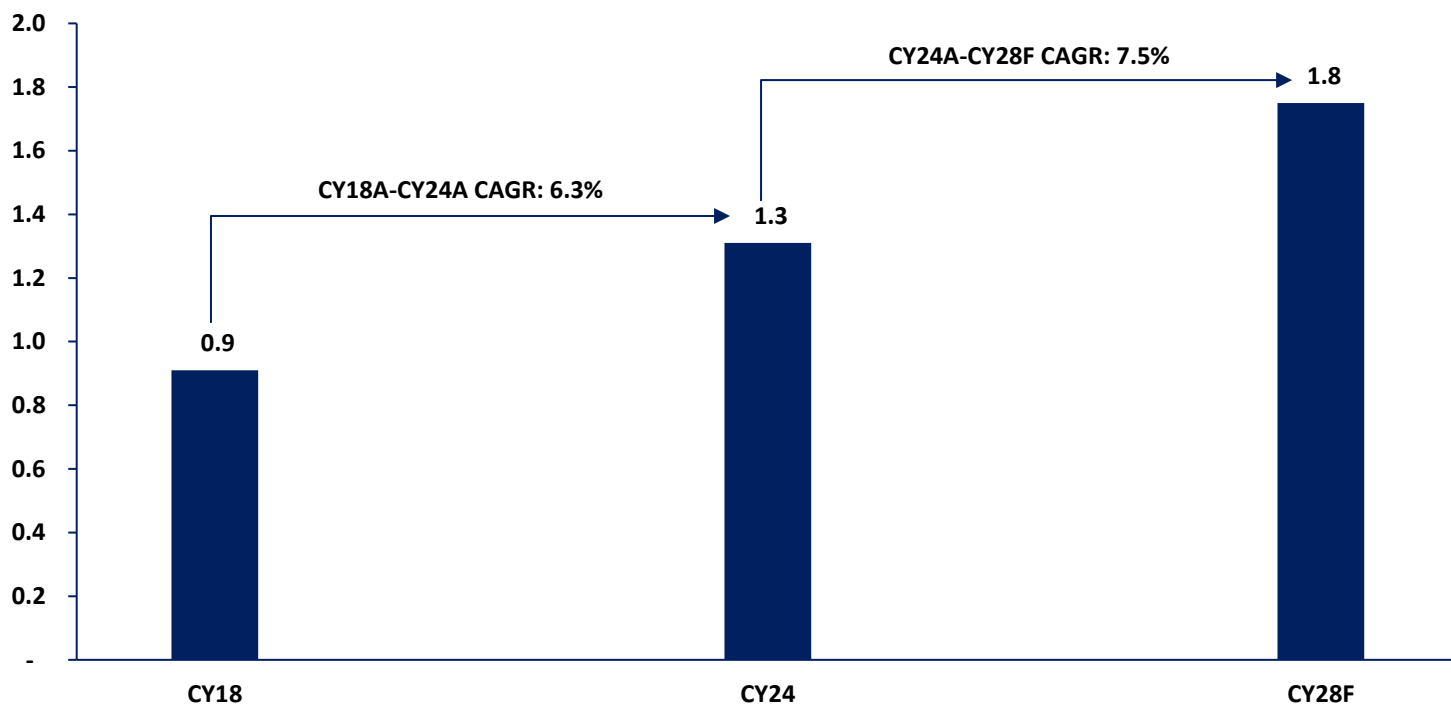
Marquee Client Base

Steel		Pharmaceutical and Chemical	
Engineering and Infrastructure	Healthcare		
Defence	Railways, Aviation, Aerospace & Space	Others	

Source: RHP, SSL Research

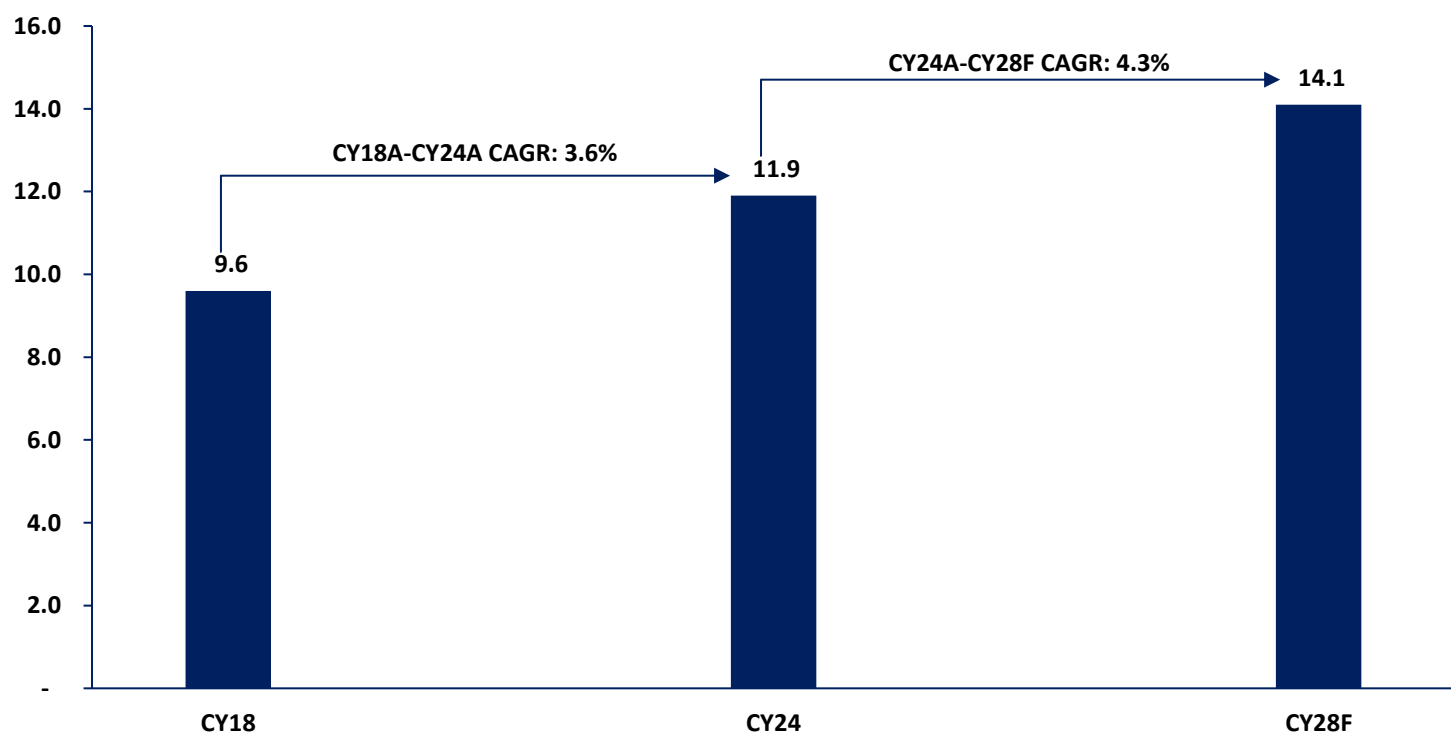
Industry Overview

Indian Industrial Gases Market - by Value (USD bn)



Source: RHP, SSL Research

Indian Industrial Gases Market - by Volume (Mn Tonne)



Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT			
(Rs cr)	FY23	FY24	FY25
Revenue from Operations	205	269	312
YoY growth (%)	-	31.4%	16.0%
Cost Of Revenues (incl Stock Adj)	26	55	36
Gross Profit	179	215	277
Gross margins (%)	87.4%	79.6%	88.6%
Employee Cost	14	16	23
Power Expenses	74	78	75
Other Operating Expenses	51	55	67
EBITDA	40	66	112
EBITDA margins (%)	19.5%	24.6%	35.8%
Other Income	19	21	36
Interest Exp.	4	8	17
Depreciation/Impairment	18	15	23
PBT	37	64	108
Exceptional item	-	-	-
Tax	9	19	25
PAT	28	45	83
PAT margin (%)	13.7%	16.8%	26.7%
EPS (Rs)	2.1	3.5	6.4

BALANCE SHEET			
(Rs cr)	FY23	FY24	FY25
Assets			
Net Block	181	329	338
Capital WIP	71	-	45
Right of use assets	2	1	1
Other Non current Assets	106	137	253
Current Assets			
Inventories	8	11	14
Current Investment	84	112	87
Trade receivables	39	45	83
Cash and Bank Balances	15	4	3
Short-term loans and advances	19	10	4
Other Current Assets	24	22	19
Total Current Assets	190	204	209
Current Liabilities & Provisions			
Trade payables	18	18	14
Other current liabilities	43	35	35
Short-term provisions	-	-	1
Total Current Liabilities	61	53	49
Net Current Assets	129	151	160
Total Assets	490	620	797
Liabilities			
Share Capital	7	7	26
Reserves and Surplus	357	403	467
Total Shareholders Funds	363	410	493
Total Debt	101	177	245
Long Term Provisions	5	6	8
Lease Liabilities	2	2	1
Other Long Term Liabilities	-	-	17
Net Deferred Tax Liability	19	26	31
Total Liabilities	490	620	797

Cash Flow Statement (Rs cr)	FY23	FY24	FY25
Cash flow from Operating Activities	39	44	4
Cash flow from Investing Activities	(114)	(122)	(57)
Cash flow from Financing Activities	87	67	52
Free Cash Flow	(56)	(43)	(65)

RATIOS			
	FY23	FY24	FY25
Profitability			
Return on Assets	5.1%	6.7%	9.8%
Return on Capital Employed	8.8%	12.3%	16.9%
Return on Equity	7.8%	11.0%	16.9%
Margin Analysis			
Gross Margin	87.4%	79.6%	88.6%
EBITDA Margin	19.5%	24.6%	35.8%
Net Profit Margin	13.7%	16.8%	26.7%
Short-Term Liquidity			
Current Ratio (x)	1.8	1.5	1.4
Quick Ratio (x)	1.7	1.4	1.3
Avg. Days Sales Outstanding	70	61	97
Avg. Days Inventory Outstanding [#]	15	15	17
Avg. Days Payables	39	32	26
Fixed asset turnover (x)	1.1	0.8	0.9
Debt-service coverage (x)	0.4	0.4	0.5
Long-Term Solvency			
Total Debt / Equity (x)	0.3	0.4	0.5
Interest Coverage Ratio (x)	11.5	9.0	7.3
Valuation Ratios*			
EV/EBITDA (x)	133.4	81.8	49.0
P/E (x)	186.1	115.6	62.9
P/B (x)	14.4	12.8	10.6
EV/Sales (x)	26.0	20.1	17.5
P/Sales (x)	2.0	1.5	1.3

**Valuation ratios are based on pre-issue capital at the upper price band*

[#]Calculated on Sales

Source: RHP, SSL Research

Peer Comparison – FY25

Particulars (Rs cr)	Ellenbarrie Industrial Gases Ltd.	Linde India Ltd.
CMP (Rs)	400.0	6,761.0
Sales	312.5	2,485.0
EBITDA	111.9	765.0
Net Profit	83.3	455.0
Mkt Cap.	5,637.4	57,656.0
Enterprise Value	5,479.7	57,509.0
EBITDA Margin (%)	35.8	30.8
Net Profit Margin (%)	26.7	18.3
P/E (x)	67.7	126.8
EV/EBITDA (x)	49.0	75.2
RoE (%)	16.9	11.9
RoCE (%)	16.9	14.4
EV/Sales (x)	17.5	23.1

For Ellenbarrie Industrial Gases Ltd, the Market Cap, P/E (x), Enterprise Value, EV/EBITDA (x) and EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

RoE and RoCE calculated on Pre-issue capital

CMP of peer companies is as of 19th June, 2025.

Source: RHP, SSL Research

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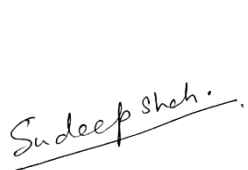
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