

RATING

Business	★★★★★
Financials	★★★★★
Valuation	★★★★★
Management	★★★★★

Ranking 1 to 5, denoting lowest and 5 highest



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ELLENBARRIE
INDUSTRIAL GASES LTD

Recommendation : Buy For Long Term (Expected Return: 10%-20%)

IPO : ELLENBARRIE INDUSTRIAL GASES LIMITED

25 Jun 2025

(Note: All the information and data in this report is from RHP)

Issue Details

Price Band (Rs)	₹380 to ₹400
Lot Size	37 shares
Face value	₹ 2
Min. Investment	₹ 14,800
Issue Size	₹ 852.53
Fresh Issue	₹ 400.00
OFS	₹ 452.53
Listing At	BSE, NSE
QIB	50%
NII	15%
Retail	35%
Issue Type	Book Built Issue IPO
Share holding pre issue	96.47%
Share holding post issue	81.59%
Employee Discount	Rs 67 per share
BRLMs	Motilal Oswal ,IIFL, JM Financial
Registrar	KFin Technologies Ltd.

IPO TIMELINES

Opening date	24-Jun-25
Closing date	26-Jun-25
Listing Date (Tentative)	01-Jul-25
Basis of Allotment	27-Jun-25
Initiation of Refunds	30-Jun-25
Credit of Shares to Demat	30-Jun-25

Shareholding Pattern

Promoter Shareholder	
Padam Kumar Agarwala	61.66%
Varun Agarwal	25.30%
Shanti Prasad Agarwala	9.50%

Objectives of the Issue :

- (1) Repayment/prepayment, in full or in part, of certain outstanding borrowings availed by our Company.
- (2) Setting up of an air separation unit at our Uluberia-II plant with a capacity of 220 TPD.

About Company : Ellenbarrie Industrial Gases Ltd (EIGL) is one of India's oldest domestic players in the industrial gases sector, with over 50 years of experience. The company offers a wide range of gases—including oxygen, nitrogen, carbon dioxide, and specialty gases—serving various industries. EIGL holds a strong presence in East and South India and is the market leader by installed capacity in West Bengal, Andhra Pradesh, and Telangana as of March 31, 2025. It also provides turnkey project engineering solutions for air separation units and medical gas systems.

KEY HIGHLIGHTS:

- EIGL is among India's most established industrial gas manufacturers, with a strong legacy in the sector. It holds a leading position by production capacity in key states like West Bengal, Andhra Pradesh, and Telangana. Operating in a highly infrastructure-intensive industry, EIGL stands out for its ability to efficiently produce and deliver a wide range of industrial gases tailored to customer needs.
- EIGL offers a broad portfolio of industrial gases serving a wide range of sectors, including shipbuilding, glass and steel manufacturing, pharmaceuticals, welding, and fabrication. The company also supplies dry ice, firefighting gases, LPG, medical oxygen, synthetic air, welding mixtures, and specialty gases—products that address specific customer needs and enjoy steady demand due to their essential applications.
- EIGL operates nine facilities across East, South, and Central India, including three bulk manufacturing plants, two standalone cylinder filling stations, two onsite pipeline units, and oxygen plants with a combined capacity of 1,250 TPD. These strategically positioned facilities place the company close to key pharma, steel, automotive, and railway manufacturing hubs, enabling efficient supply and strong customer connectivity.
- With a strong operating legacy and technical expertise, EIGL has built enduring relationships with customers across bulk, packaged, and onsite segments. The industrial gases sector's high customer stickiness—driven by the critical need for uninterrupted supply and long-term contracts of up to 20 years—creates substantial entry barriers. As of March 31, 2025, EIGL served 328 bulk customers with an average contract tenure of five years. It also operates under long-term lease and O&M agreements with three onsite clients in Kharagpur, Kurnool, and Nagarnar, ensuring predictable cash flows and sustained client retention.

Valuation and Investment Recommendation

EIGL has established a strong foothold in East and South India, catering to emerging manufacturing hubs with a robust business model backed by owned equipment at customer sites—creating high entry barriers. Long-term supply contracts with take-or-pay clauses ensure revenue stability and reduce exposure to customer business cycles. Margin expansion is supported by a rising share of high-margin argon gas and onsite projects. Proceeds from the IPO will aid debt repayment, lowering interest costs, while capacity additions in 2HFY26 are expected to drive profitability in FY26 and FY27. At the upper price band of ₹400, the stock trades at 67.7x FY25 EPS—at a discount to peer Linde India—making it attractive. We recommend a Subscribe at the cut-off price.

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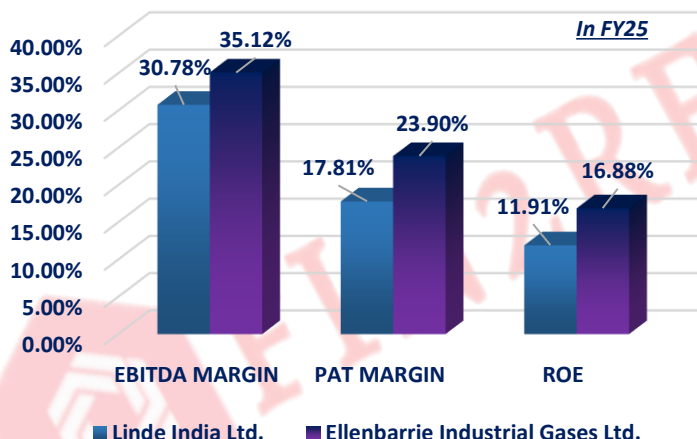
SWOT ANALYSIS

STRENGTHS:

With over 50 years of experience, EIGL is one of India's oldest industrial gas companies and holds market leadership by installed capacity in West Bengal, Andhra Pradesh, and Telangana. Its strong regional presence, diversified product portfolio, and ability to operate in an infrastructure-intensive industry position it well against multinational competitors. The company achieved a PAT margin of 23.90% in FY 2025, outperforming Linde India's 17.81%. Its steady margin growth reflects strong cost control and operational efficiency compared to peers.

The company has maintained a strong and stable RoE, averaging over 15% across FY 2021–25, with 16.88% in FY 2025—higher than Linde India's 11.91%.

Company Demonstrates Stronger Margins and Superior Return Ratios

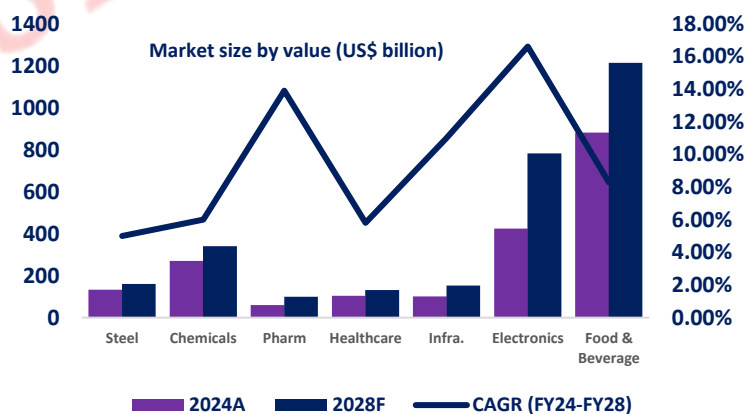


OPPORTUNITIES:

In a recent interview, the company's management highlighted a strategic focus on argon gas, citing its superior EBITDA margins compared to other industrial gases. This targeted approach positions the company to enhance profitability and gain a competitive edge over peers, making argon a key catalyst in improving overall margin performance.

Government initiatives like the PLI scheme, with a ₹1.97 lakh crore outlay, and policies promoting healthcare infrastructure are significantly boosting demand for industrial gases in India. The growing preference of steel manufacturers to outsource gas operations to specialized providers opens new business avenues, while increased investment in medical oxygen infrastructure post-COVID, including programs like PM CARES and PMJAY, further strengthens market opportunities. These trends collectively create a favorable environment for industrial gas players to scale operations, enhance efficiency, and capture expanding demand across core sectors.

Expanding Market Landscape of End-Use Industries in India

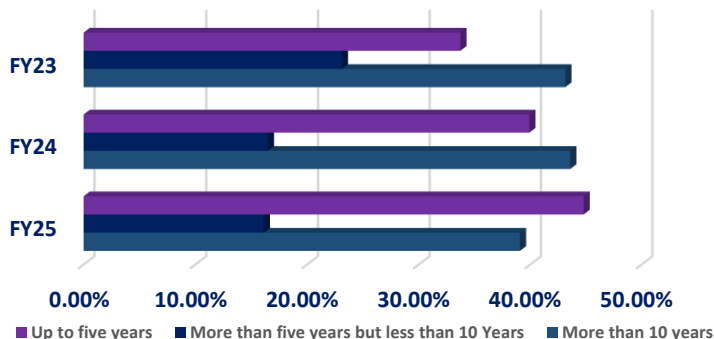


WEAKNESSES:

A significant portion of the company's manufacturing facilities (five out of nine) are concentrated in West Bengal, exposing it to regional disruptions that may affect operations. Moreover, the company's revenue is closely linked to the demand from specific end-use industries; any slowdown in these sectors could materially impact its business performance, cash flows, and financial condition. The company has experienced a significant increase in trade receivables, rising from ₹394.00 million in FY 2023 to ₹836.18 million in FY 2025, accounting for 26.76% of revenue in FY 2025 compared to 19.21% in FY 2023.

In FY 2025, the company derived 47.09% of its revenue from the top 10 customers, with the top 5 and top 1 customers contributing 34.25% and 9.34%, respectively.

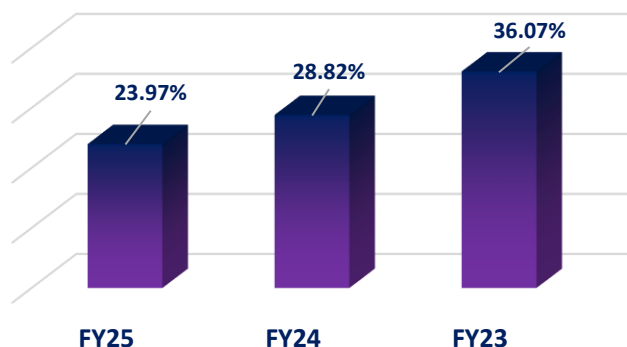
High Dependence on Long-Term Customer Relationships



THREATS:

The company faces multiple threats due to the complex and sensitive nature of the industrial gases supply chain. Inadequate infrastructure, specialized transportation needs, and strict safety and environmental regulations can lead to higher costs, delivery delays, and operational inefficiencies. Regulatory compliance, such as PESO and CPCB clearances, adds procedural burden, while energy-intensive production processes expose the company to energy price volatility. These factors, along with skilled labor shortages and risks from geopolitical events or pandemics, pose a threat to business continuity and profitability.

Risk of Operational Disruption Due to Utility Supply Dependence



Products and Services

As of March 31, 2025, Company generates its operational revenue primarily from two segments: (i) the sale of gases, and (ii) project engineering services. The core of its business lies in the sale of a comprehensive range of industrial and medical gases, serving a wide variety of end-use applications.

(i) Sale of Gases

1. Industrial Gases Segment:

The industrial gases portfolio is diverse, comprising both compressed and liquefied forms of essential gases such as oxygen, nitrogen, argon, and carbon dioxide. In addition, the company supplies specialty gases like helium, acetylene, hydrogen, nitrous oxide, synthetic air, and trimix gas. The product range also includes welding gas mixtures that are custom-formulated based on specific customer requirements, as well as dry ice (solid carbon dioxide) and carbon dioxide used for firefighting applications. These gases are offered in various purities and delivery formats, demonstrating the company's operational flexibility and responsiveness to industry needs.

2. Medical Gases Segment:

In the medical segment, the company provides medical oxygen (both gaseous and liquid), medical nitrogen, medical nitrous oxide, and medical-grade carbon dioxide. Distribution is facilitated through multiple channels, including cylinders, cryogenic cylinders, and cryogenic tankers, ensuring reliable supply to healthcare institutions and related sectors.

Ellenbarrie's well-diversified gas portfolio, supported by robust supply infrastructure, positions it as a key domestic player in both the industrial and medical gas markets. This diversified product mix not only stabilizes revenue streams across business cycles but also reflects the company's ability to serve critical sectors such as manufacturing, healthcare, and infrastructure.

Segment-wise Revenue from Sale of Gases

Percentage of Revenue from Sale of Gases, Related Products and Services (%)			
Products Sold	FY25	FY24	FY23
Oxygen	40%	48%	48%
Nitrogen	47%	37%	38%
Argon	8%	9%	7%
Acetylene	1.63%	1.93%	2.50%
Hydrogen	0.85%	1.27%	1.33%
Carbon dioxide	0.80%	1.08%	1.91%
Others*	0.92%	1.66%	1.02%
Total Revenue from Sale of Gases	100%	100.00%	100.00%

(ii) Project Engineering Services

The Company complements its core gas business with robust project engineering services, leveraging in-house process expertise. It offers turnkey solutions for cryogenic ASUs and medical gas pipeline systems, including design, installation, and commissioning.

Key offerings include:

Cryogenic ASUs: Custom-engineered solutions with equipment sourced from reputed suppliers.

Non-Cryogenic Plants (VPSA/PSA): Support for growing demand in oxygen and nitrogen production.

Gas Mixing Stations: Tailored solutions for industrial applications.

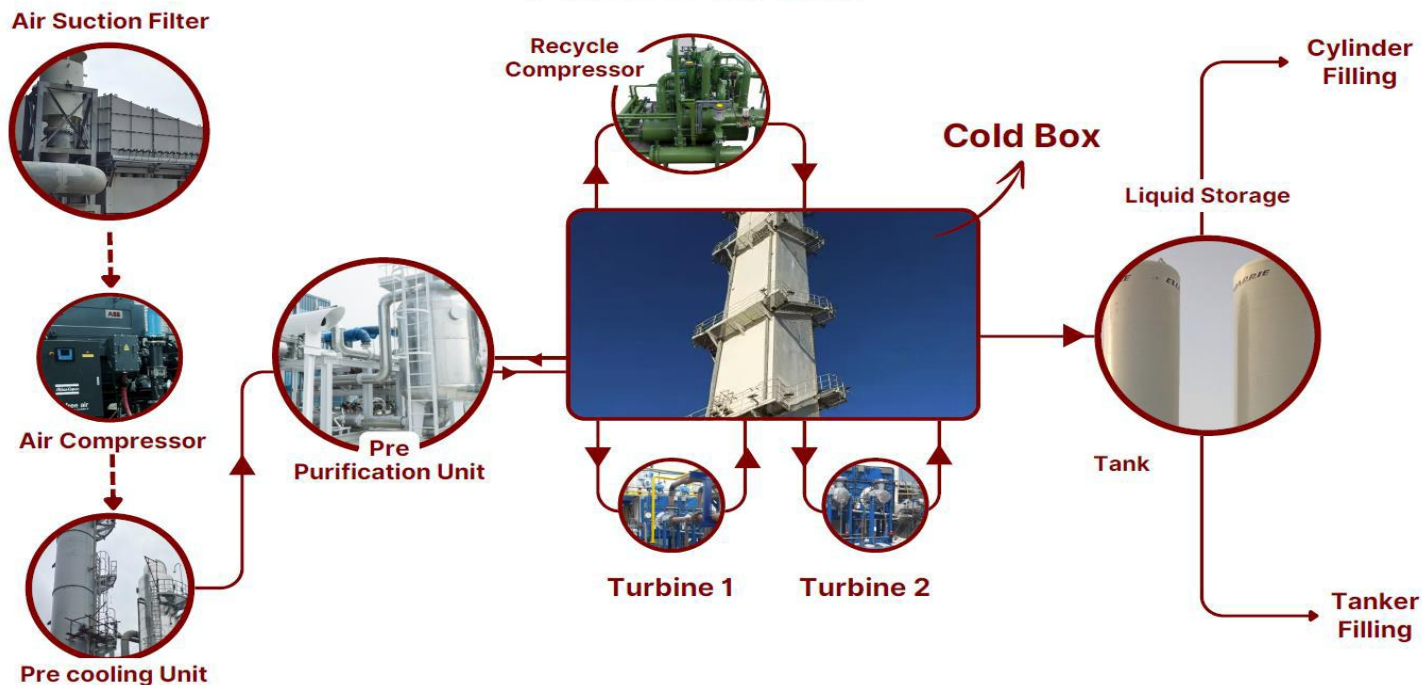
The company also provides O&M services, consulting on equipment procurement, pipeline construction, and on-site tanker installations. This integrated approach enhances customer stickiness and diversifies revenue streams. As of March 31, 2025, Ellenbarrie Industrial Gases Ltd has expanded its healthcare vertical with a diversified medical equipment portfolio, catering to a range of clinical areas such as operating theatres, ICUs, NICUs, HDUs, respiratory care, radiology, and neurology. The company provides sterilization and sterile processing systems—including steam and plasma sterilizers, washer-disinfectors, and ETO units—through integrated product-service programs. It also supplies advanced pulmonary function testing machines featuring calibration-free technology, Bluetooth, and EMR connectivity.

Year-wise Revenue Breakdown by Products and Services

Percentage of Revenue from Operations (%)			
Products Sold	FY25	FY24	FY23
Revenue from sale of gases	94%	84%	92%
Revenue from project engineering	6%	16%	8%
Total	100%	100%	100%

Manufacturing Process

ASU PLANT



Expansion Project

Expansion Project	Sources of Funds	Status
New plant in Uluberia, West Bengal	Net Proceeds and Term loans	Commissioning in Oct 2025
Liquid ASU and cylinder filling station in North India	Term loans and internal accruals	Commissioning in Dec 2025
New plant in West Bengal	Term loans and internal accruals	Commissioning in Oct 2025

Diversified Revenue Across End-Use Segments Within Gas and Related Sales

Percentage of Revenue from Sale of Gases, Related Products and Services (%)

Industry	FY25	FY24	FY23
Pharmaceuticals and Chemicals	26%	29%	31%
Steel	37%	29%	22%
Dealer and retail network	10%	11%	17%
Healthcare	8.96%	8.06%	8.21%
Railway, Aviation, Aerospace and Space	5.23%	5.81%	6.85%
Defence	3.48%	4.28%	4.20%
Engineering and infrastructure	3.69%	4.13%	4.12%
Petrochemicals including Oil and Gas	2.92%	3.20%	2.71%
Others (including power and energy, metal production & etc)	2.84%	5.12%	3.82%
Total Revenue from Sale of Gases, Related Products & Services	100.00%	100.00%	100.00%

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Revenue Breakdown by Customer Type: Bulk, Package, and Onsite

Percentage of Revenue from Sale of Gases, Related Products and Services (%)			
Products Sold	FY25	FY24	FY23
Revenue from bulk customers	67%	75%	75%
Revenue from package customers	18%	20%	22%
Revenue from onsite customers	16%	4%	3%
Total Revenue from Sale of Gases, Related Products and Services	100.00%	100.00%	100.00%

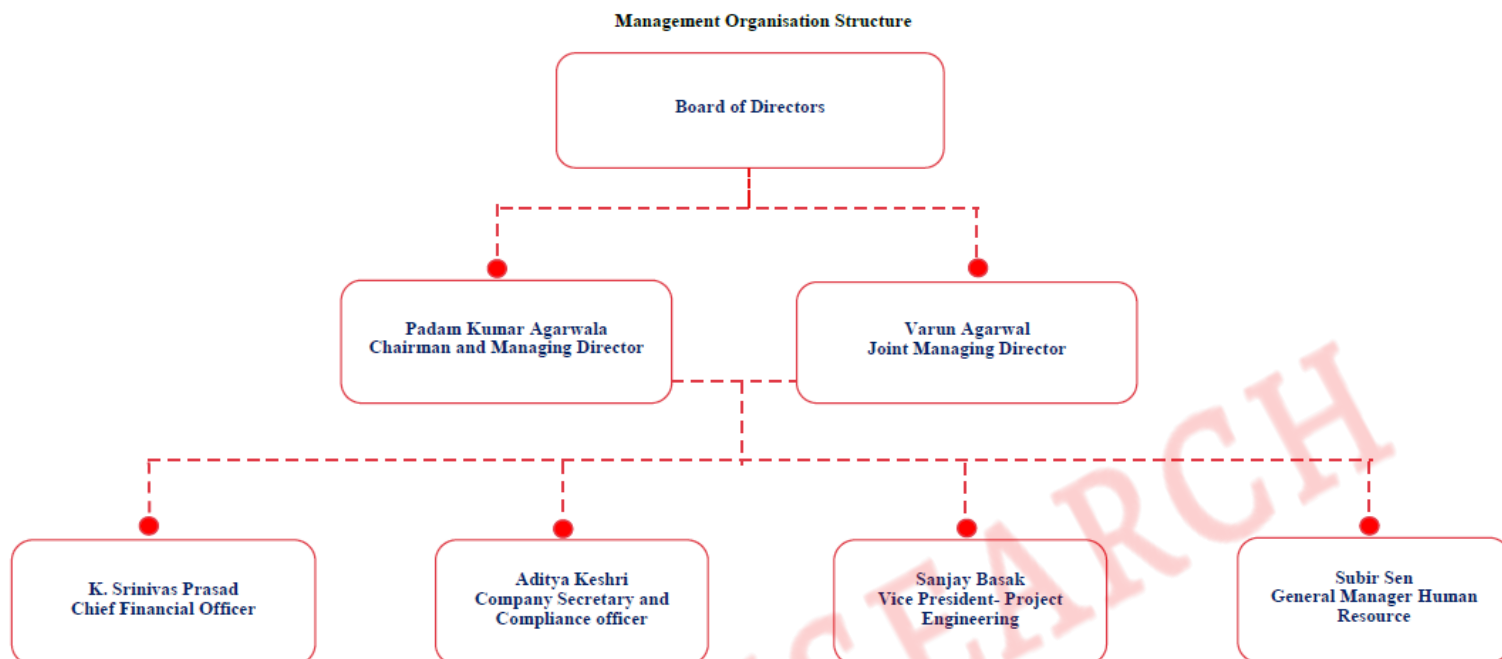
Client Base

Steel		Pharmaceutical and Chemical	
 		 	
		 	
 		  	
		  	
		  	

Key Performance Indicators:

Particulars		FY25	FY24	FY23
Revenue from Operations	₹ in Million	3,124.83	2,694.75	2,051.07
Revenue from Operations Growth	In %	15.96	31.38	NA
EBITDA	₹ in Million	1,097.36	615.3	335.88
EBITDA Margin	In %	35.12%	22.83%	16.38%
Profit for the period/year	₹ in Million	832.89	452.89	281.42
PAT Margin	In %	23.90%	15.61%	12.58%
Net Cash generated from operating activities	₹ in Million	42.75	437.47	387.47
RoE	In %	16.88%	11.05%	7.75%
RoCE	In %	13.71%	10.93%	6.07%
Net Debt to Equity Ratio	(in times)	0.32	0.15	0.01
Gross Fixed Asset Turnover Ratio	(in times)	0.65	0.59	0.68
Number of Facilities Operated	In Numbers	9	8	6
No. of Facilities under Construction or Implementation	In Numbers	1	2	1
Total Operational Capacity	(Tons per day)	3,861	3,691	591
Capacity under Construction	(Tons per day)	220	390	600
Number of Bulk Customer Installations	In Numbers	257	197	176

MANAGEMENT ORGANIZATION STRUCTURE:



Padam Kumar Agarwala – Chairman & Managing Director

Padam Kumar Agarwala is the Chairman and Managing Director of Ellenbarrie Industrial Gases Ltd. A commerce graduate from St. Xavier's College (Autonomous), he has been an integral part of the company for over three decades—serving as business head before his appointment as director on March 13, 1995. He currently leads the company's operations in the eastern region and is responsible for driving strategic initiatives and upholding corporate governance standards.

Varun Agarwal – Joint Managing Director

Varun Agarwal serves as the Joint Managing Director of Ellenbarrie Industrial Gases Ltd. He holds a bachelor's degree in Economics from the London School of Economics and a master's degree in Philosophy from the University of Cambridge. Since joining the company on August 14, 2008, he has played a key role in overseeing operations in the southern region. With prior experience at Lehman Brothers, he brings strong financial acumen and strategic insight, focusing on enhancing the company's financial performance and driving growth initiatives. He is also a member of the Hyderabad Chapter of the Entrepreneurs' Organisation.

K. Srinivas Prasad – Chief Financial Officer

K. Srinivas Prasad is the Chief Financial Officer of Ellenbarrie Industrial Gases Ltd. He holds a bachelor's degree in Commerce from BJB College, Utkal University, and is an associate member of the Institute of Company Secretaries of India (ICSI) and the Institute of Chartered Accountants of India (ICAI). He has also qualified the examination of the Institute of Cost and Works Accountants of India (ICWAI). Before joining Ellenbarrie, he was associated with Air Liquide North India Pvt. Ltd. Since December 16, 2013, he has played a key financial role in the company, and was appointed CFO on November 1, 2014. He leads finance, accounts, and taxation functions, while overseeing cash flow, budget variances, and audit compliance.

Aditya Keshri – Company Secretary & Compliance Officer

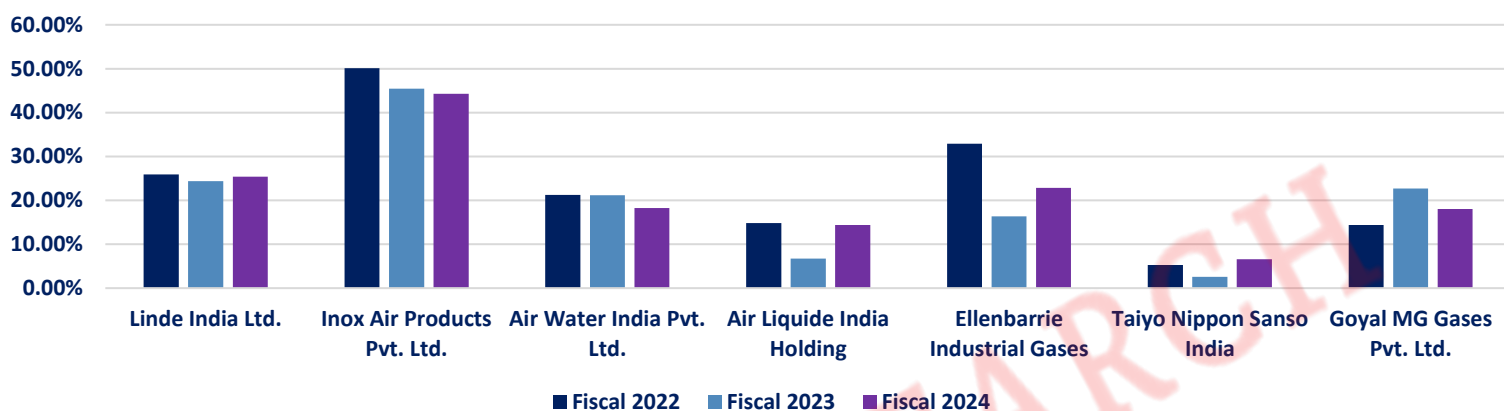
Aditya Keshri serves as the Company Secretary and Compliance Officer of Ellenbarrie Industrial Gases Ltd. An associate member of the Institute of Company Secretaries of India, he brings experience from previous roles at Alcove Developers LLP, Grameen Shakti Microfinance Services Pvt. Ltd., and Jiwanram Sheodutrai Industries Ltd. He joined Ellenbarrie on March 18, 2024, and was appointed to his current position on April 1, 2024. He is responsible for overseeing the company's corporate secretarial and compliance functions.

Sanjay Basak – Vice President, Project & Engineering

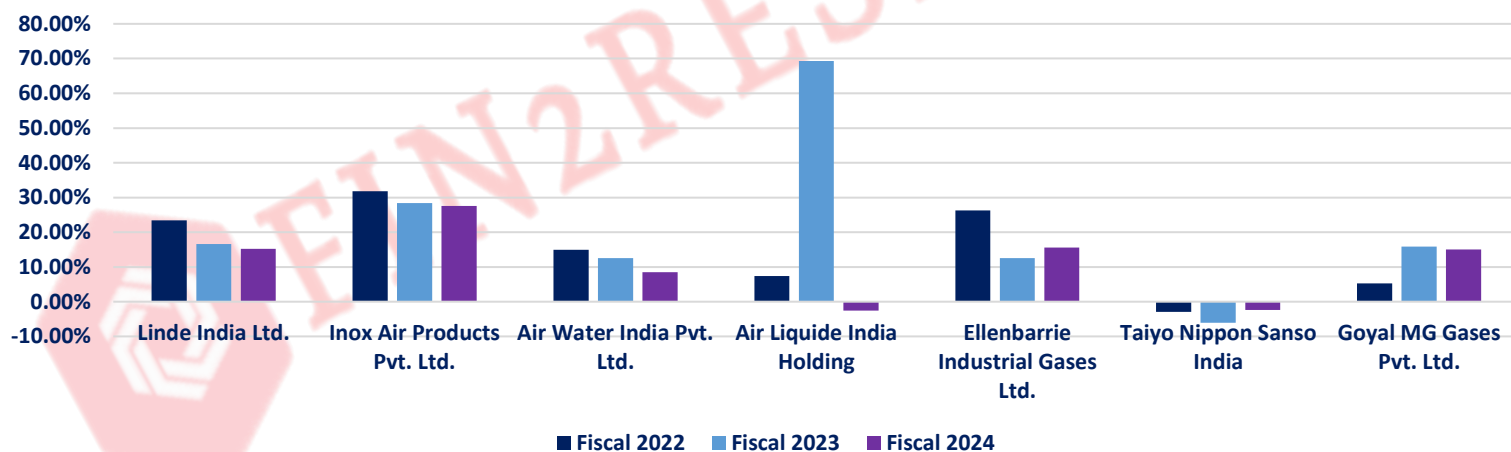
Sanjay Basak is the Vice President – Project and Engineering at Ellenbarrie Industrial Gases Ltd. He holds a master's degree in Cryogenic Engineering from IIT Kharagpur and has completed the Executive Programme in Operations Management from IIM Calcutta. A member of the Institution of Engineers (India), he brings extensive experience from his previous roles at BOC India Ltd. and Bhushan Steel Ltd. He joined Ellenbarrie on May 2, 2016, as Head of Projects and was appointed Vice President on April 1, 2023. He is responsible for overseeing project execution, design, procurement, quality, planning, and implementation.

PEERS ANALYSIS :

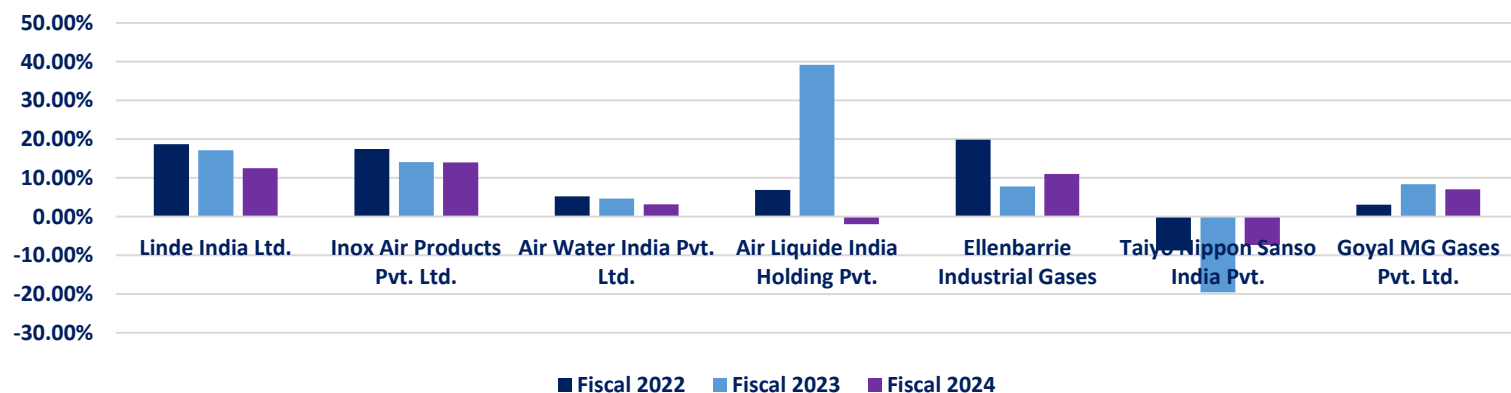
EBITDA Margin Performance of Ellenbarrie vs. Leading Industrial Gas Companies



PAT Margin Performance of Ellenbarrie vs. Leading Industrial Gas Companies



RoE(%) Performance of Ellenbarrie vs. Leading Industrial Gas Companies

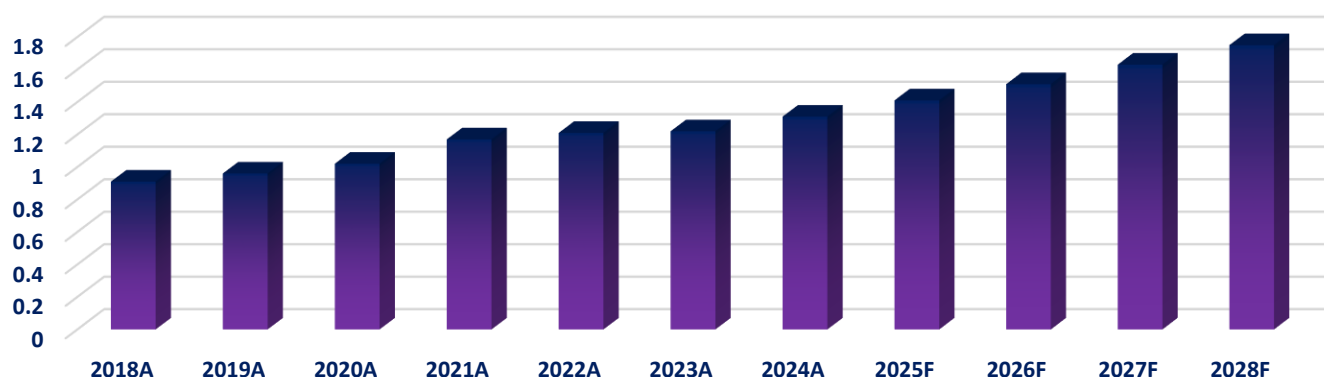


INDUSTRY ANALYSIS :

India Industrial Gases Market Overview

The market size of industrial gases in India was valued at US\$ 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. In India, during 2021 and 2022, the market size by value for industrial gases increased due to the higher prices driven by the COVID-19 pandemic. From 2023 onwards, the market size for industrial gases in India stabilized. 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 US\$ 1.75 billion by 2028 with CAGR of 7.5%. In terms of volume, the Indian industrial gases market grew from 9.6 million tons in 2018 to 11.9 million ton in 2024. The graphs below illustrate the demand for industrial gases in India during 2018 and 2028:

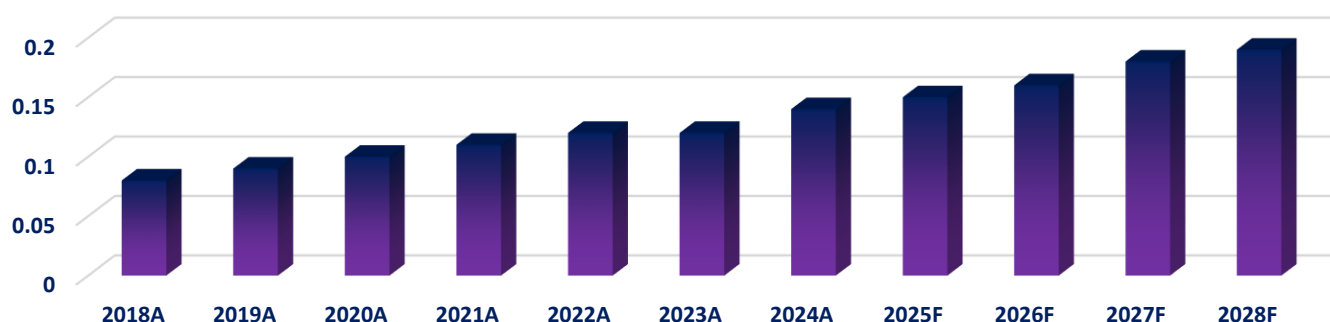
Indian Industrial Gases Market by Value (USD bn)



Indian argon industry

The Indian argon industry is growing rapidly owing to its applications in welding for manufacturing industry, steel industry, automotive industry, etc. It is estimated to have increased from US\$ 0.08 billion in 2018 to US\$ 0.14 billion in 2024 with CAGR of 8.7%. In terms of volume, the gas consumption has increased to 0.22 million tons in 2024 from 0.16 million tons in 2018. Argon sees extensive application in welding procedures such as resistance welding and metal inert gas welding. An increasing number of industries, including aerospace, automotive, and construction, need welding gases, including argon.

Argon Market in India, by Value (US\$ billion), 2018–2028F





DISCLAIMER:

DISCLAIMER

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