

Rating: Neutral

Issue Offer

Fresh Issue of 1,00,00,000 shares up to INR 4,000 Mn & OFS issue of 1,13,13,130 shares up to INR 4525.3 Mn by Promoters group taking the total issue size of 2,13,13,130 shares at INR 8525.3 Mn.

Issue Summary

Price Band INR	380-400
Face Value INR	02
Implied Market Cap INR Mn.	5,637
Market Lot	37
Issue Opens on	Jun 24, 2025
Issue Close on	Jun 26, 2025
No. of share pre-issue	13,09,35,600
No. of share post issue	14,09,35,600
Listing	NSE, BSE

Issue Break-up %

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Registrar

Kfin Technologies Limited

Book Running Lead Managers

Motilal Oswal Investment Advisors Limited, IIFL Capital Services Limited, Jm Financial Limited

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	96.5%	81.6%
Public & Others	3.5%	18.4%

Objects of the issue

Exp. Amt (INR Mn.)

• Re/prepayment, in full or in part, of certain o/s borrowings availed by the company	2,100
• Setting up of an air separation unit at the Uluberia-II plant with a capacity of 220 TPD	1,045
• General Corporate Purposes	855

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Ellenbarrie Industrial Gases Ltd (EIGL) is among the oldest industrial gas companies in India, with over 50 years of operations. The company produces and supplies a range of gases including oxygen, carbon dioxide, acetylene, nitrogen, LPG, and other speciality gases, serving various industrial applications. EIGL also provides project engineering for large air separation units and installs medical gas pipeline systems. Additionally, it supplies medical equipment to hospitals and healthcare centres.

Investment Rationale:

Market Leadership and Strategic Regional Presence: The company holds a commanding position in East and South India, leading West Bengal, AP, and Telangana in installed manufacturing capacity as of FY25. With a 50-year operational history, the company operates nine strategically located facilities, including three bulk manufacturing plants and four onsite units, enabling efficient service to high-demand industries such as steel, pharmaceuticals, and healthcare. Its robust infrastructure, underpinned by a 1,250 TPD oxygen capacity and the third-largest fleet of transport tankers and cylinders in India, supports a 2.85% market share in a \$1.31 Bn market projected to reach \$1.75 Bn by 2028 at a 7.5% CAGR. Ongoing expansions, including a 170 TPD upgrade in Kharagpur and a 220 TPD plant in Uluberia, alongside planned ventures in North India, position Ellenbarrie to capitalize on rising demand and establish a pan-India presence, enhancing its competitive moat.

Diverse Portfolio Catering to Critical Industries: Company offers comprehensive products, spanning industrial gases (oxygen, nitrogen, argon) and specialty gases (ultra-high purity nitrogen, green hydrogen), serve a broad spectrum of critical industries, including steel, healthcare, defense, and electronics. Company has diversified revenue contributions from steel (37.03%), pharmaceuticals (26.00%), and other segments. The company's medical gases, such as oxygen and nitrous oxide, adhere to stringent regulatory standards, ensuring steady demand from healthcare institutions. Additionally, niche products like synthetic air for environmental monitoring and high-purity gases for semiconductors align with emerging market trends, reinforcing company's ability to meet evolving customer requirements. This diversified portfolio supports revenue stability and positions the company to capture growth opportunities across high-value applications.

Strategic Growth Initiatives Aligned with Market Trends: strategies align with the industrial gases market's 7.5% CAGR growth forecast through 2028. Plans to expand specialty gases, like green hydrogen and ultra-high purity gases for semiconductors, tap into high-growth sectors. The company's focus on backward integration through plant manufacturing will streamline costs and enhance its project engineering offerings. Proposed expansions in North India and West Bengal, funded by IPO proceeds and loans, aim to establish a pan-India presence. Additionally, Ellenbarrie's pursuit of acquisitions to consolidate the fragmented market could boost market share, leveraging its operational scale and expertise to drive inorganic growth.

Robust Operational and Distribution Capabilities: Ellenbarrie's operational prowess is evident in its nine facilities across facilities across East, South, and Central India, including three bulk manufacturing plants and four onsite plants at customer sites. Its 1,250 TPD oxygen capacity and the third-largest fleet of transport tankers and cylinders in India. Strategic expansions, like the 170 TPD upgrade in Kharagpur and a new 220 TPD plant in Uluberia, signal Ellenbarrie's commitment to scaling capacity to meet rising demand, giving it a competitive edge in capex heavy industry.

Valuation and View: Ellenbarrie Industrial Gases Limited is geared for dynamic growth in India's \$1.31 Bn industrial gases market, set to hit \$1.75 Bn by FY28. With a 2.85% market share and a robust 23.43% revenue CAGR FY23-25, the company is actively expanding its footprint through a new 220 TPD Uluberia plant, North India ventures, and specialty gases like green hydrogen. By pursuing plant manufacturing, strategic acquisitions, and long-term customer contracts, company is poised to capitalize on 'Make in India' momentum, delivering strong returns. It owns the cylinders and equipment at the customer facilities which provides a strong entry barrier. At the upper band of INR 400, the issue is valued at an EV/EBITDA of 52.5x, based of annualized FY25 EBITDA of INR 1,119 Mn and a P/E ratio of 67.68x, based on a FY25 EPS of INR 5.9. We are recommending a "Neutral" rating for this issue.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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