5 November 2026
2QFY27 Result Update | Sector: Chemicals

Ellenbarrie Industrial Gases

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	ELLEN IN
Equity Shares (m)	141
M.Cap.(INRb)/(USDb)	44.1 / 0.5
52-Week Range (INR)	472 / 175
1, 6, 12 Rel. Per (%)	-15/15/-28
12M Avg Val (INR M)	167

Financials & Valuations (INR b)

Y/E Mar	FY27E	FY28E	FY29E
Sales	4.5	7.9	9.6
EBITDA	1.6	2.2	2.9
PAT	1.4	1.7	2.1
EPS (INR)	9.8	12.0	14.9
EPS Growth (%)	28.3	22.5	23.6
BV/Share (INR)	79.2	91.2	106.1
P/E (x)	31.8	26.0	21.0
P/BV (x)	4.0	3.4	2.9
EV/EBITDA (x)	28.4	21.2	15.8
EV/Sales (x)	10.3	6.0	4.7
RoE (%)	13.2	14.1	15.1
RoCE (%)	11.0	11.5	13.4

Shareholding Pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	77.2	77.2	77.2
DII	8.8	11.6	14.4
FII	0.6	1.1	1.2
Others	13.5	10.2	7.3

Note: FII includes depository receipts

CMP: INR313 **TP: INR400 (+28%)** **Buy**

New capacity additions to support growth

EBITDA below estimate due to higher transport costs; Adj. PAT in line

- Ellenbarrie Industrial Gases (ELLEN) delivered a steady performance in 2QFY27, with EBITDA growing 20% YoY to INR402m on account of capacity ramp-up and increase in realizations marginally offset by a rise in power costs.
- We expect growth momentum to accelerate, driven by the ramp-up of the Uluberia-II facility and the East India on-site plant, alongside the upcoming North and Central India merchant plants, now expected to be operational by 2HFY28. Increasing contribution from argon is expected to provide an additional growth impetus.
- While we broadly maintain our FY27 earnings estimates, we lower our FY28 estimates by 7% to factor in delay in the commercialization of the North India plant (~220 TPD), which is now expected in 2HFY28. **We reiterate our BUY rating with a TP of INR400 (based on 30x Sep'28 EPS).**

Operating performance remains steady amid cost headwinds

- ELLEN reported a total revenue of INR1.1b (in line) in 2QFY27, up ~28% YoY.
- EBITDA margin stood at 35.2% (est. 39.3%) vs. 37.5% in 2QFY26. Margins contracted due to higher transport costs and salary hike arrears.
- EBITDA grew 20% YoY to INR402m (est. INR434m) for the quarter.
- Adj. PAT declined 3% YoY to INR356m (est. INR353m).
- In 1HFY27, Revenue/EBITDA/Adj. PAT grew 23%/21%/27% YoY to INR2.1b/INR779m/INR706m.
- Gross debt stood at INR1.4b as of Sep'26, compared to INR1.8b in Sep'26.
- CFO stood at INR436m in Sep'26 vs INR659m in Sep'25.
- **Gases and related products & services** grew 27% YoY to INR1.1b, while EBIT stood at INR433m, rising 20% YoY. EBIT margin stood at 39% (vs 41% in 2QFY26).
- **Revenue for Project Engineering** grew 80% YoY to INR14m, while operating loss stood at INR10m (vs EBIT of INR3.4m in 2QFY26).

Highlights from the management commentary

- **Expansion plans:** The ramp up of recently commissioned Uluberia 2 merchant plant (~220 TPD), along with the East India onsite plant (~320 TPD), is expected to drive near-term revenue growth. The next phase of expansion, comprising two merchant plants in North and Central India, is expected to become operational around mid-FY28, with revenue contribution commencing in 2HFY28.
- **Argon:** Argon's contribution to the overall gas mix increased to ~16% in 2QFY27 from ~10% in 1QFY27, driven equally by higher volumes and improved realizations, supported by the ramp-up of the Uluberia II facility. Management expects argon contribution to sustain at 14–16%, backed by favorable demand-supply dynamics, with demand outpacing supply.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **Outlook:** Management reiterated its guidance of ~20% revenue growth in the core gases business, primarily driven by volumes, with higher argon contribution supporting realizations. The company is expanding its geographical presence to strengthen its pan-India footprint and emerge as a pan-India player, while targeting long-term EBITDA margins of ~40% in the gases segment, supported by a higher share of onsite operations and premium gases.
- **Project engineering :** ELLEN secured a major INR4.8b BHEL contract in Sept'26 for the design, **engineering**, supply, erection, and commissioning of a 1,200 TPD cryogenic air separation unit in Odisha for coal gasification. The project will be executed over eight quarters, with revenue recognition linked to execution progress. EBITDA margins are expected to remain in high-single-digit to low-double-digits.

Valuation and view

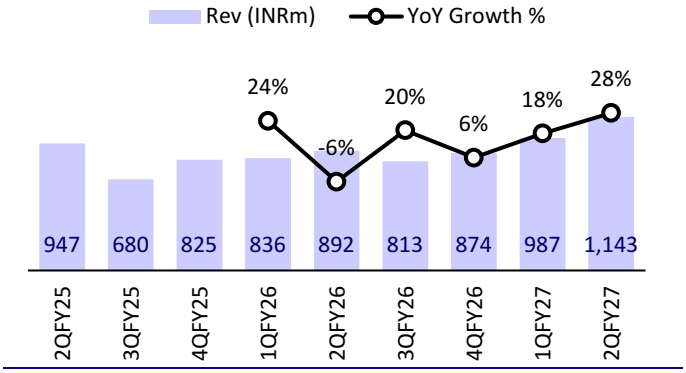
- ELLEN's growth story will be led by: 1) capacity expansion across India, 2) demand of argon outpacing supply, 3) increasing traction in inquiries for onsite plants, 4) stable demand from well-diversified core industries, 5) India's manufacturing expansion and accelerating industrial activity, and 6) increasing demand for oxygen from coal gasification.
- We expect ELLEN to clock a CAGR of 41%/34%/25% in revenue/EBITDA/PAT during FY26-29. While we broadly maintain our FY27 earnings estimates, we lower our FY28 estimates by 7% to factor in delay in the commercialization of the North India plant (~220 TPD), which is now expected in 2HFY28. **We reiterate our BUY rating with a TP of INR400 (based on 30x Sep'28 EPS).**

Consolidated - Quarterly Snapshot **(INR m)**

Y/E March	FY26				FY27				FY26	FY27E	FY27	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	%
Gross Sales	**836**	**892**	**813**	**874**	**987**	**1,143**	**1,164**	**1,220**	**3,416**	**4,515**	**1,104**	**4%**
YoY Change (%)	24.3	-5.8	19.6	6.0	18.0	28.2	43.1	39.6	9.3	32.2	23.8	
Total Expenditure	529	557	565	577	611	741	746	777	2,228	2,874	670	
Gross Margin (%)	88.8%	90.6%	87.4%	86.7%	89.3%	88.3%	88.0%	88.0%	88.4%	88.4%	89.0%	
EBITDA	**307**	**335**	**249**	**298**	**376**	**402**	**419**	**443**	**1,188**	**1,641**	**434**	**-7%**
Margin (%)	36.7	37.5	30.6	34.1	38.1	35.2	36.0	36.3	34.8	36.3	39.3	
Depreciation	51	51	52	61	63	69	95	95	215	322	75	
Interest	46	11	15	23	20	25	30	35	95	109	37	
Other Income	68	126	161	165	171	171	150	155	520	643	150	
PBT before EO expense	**278**	**400**	**342**	**379**	**465**	**479**	**444**	**468**	**1,399**	**1,852**	**472**	
Extra-Ord. expense	0	0	0	-46	0	0	0	0	-46	0	0	
PBT	**278**	**400**	**342**	**333**	**465**	**479**	**444**	**468**	**1,353**	**1,852**	**472**	
Tax	91	32	81	104	115	123	112	118	309	466	119	
Rate (%)	32.8	8.1	23.8	31.2	24.7	25.6	25.2	25.2	22.8	25.2	25.2	
Reported PAT	**187**	**367**	**261**	**229**	**350**	**356**	**332**	**350**	**1,044**	**1,385**	**353**	**1%**
Adj. PAT	**187**	**367**	**261**	**260**	**350**	**356**	**332**	**350**	**1,079**	**1,385**	**353**	**1%**
YoY Change (%)	15.6	23.8	35.9	42.7	86.8	-2.9	27.3	34.5	29.6	28.3	-3.8	
Margin (%)	22.4	41.2	32.1	29.8	35.4	31.2	28.5	28.7	31.6	30.7	32.0	

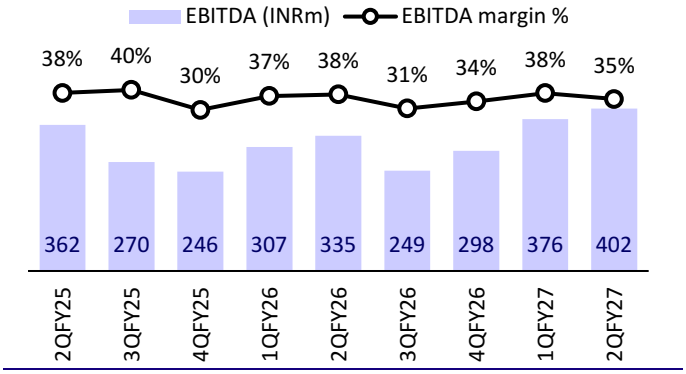
Key Exhibits

Exhibit 1: Consolidated revenue trend



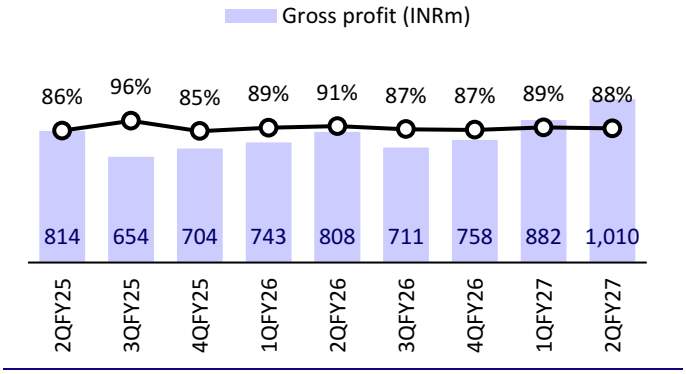
Source: Company, MOFSL

Exhibit 2: Consolidated EBITDA trend



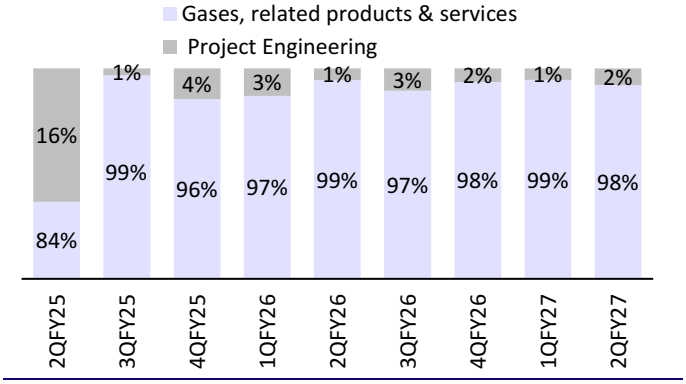
Source: Company, MOFSL

Exhibit 3: Gross profit trend



Source: Company, MOFSL

Exhibit 4: Revenue mix trend of gases



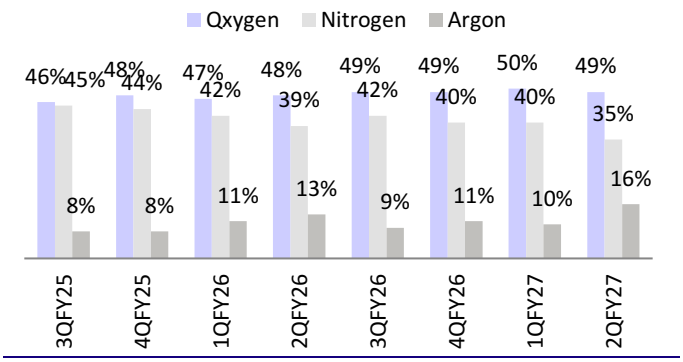
Source: Company, MOFSL

Exhibit 5: Revenue breakup by industry type

Revenue breakup by industry	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Pharmaceuticals and Chemicals	23%	26%	26%	24%	22%	23%	21%	20%	23%
Steel	38%	34%	32%	29%	31%	30%	32%	35%	34%
Dealer and retail network	9%	11%	14%	18%	18%	14%	15%	13%	18%
Engineering and infrastructure	6%	6%	6%	5%	4%	5%	4%	4%	2%
Defence	1%	1%	1%	1%	3%	4%	3%	3%	3%
Others	23%	22%	21%	24%	22%	24%	25%	25%	20%

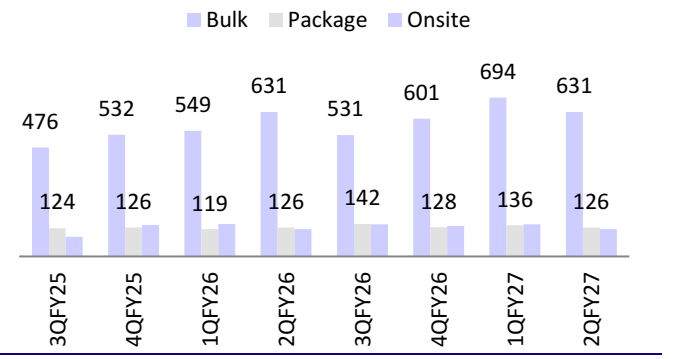
Source: Company, MOFSL

Exhibit 6: Revenue breakup by gas type



Source: Company, MOFSL

Exhibit 7: Revenue breakup by customer type



Source: Company, MOFSL



Key highlights from the management commentary

Operational highlights

- ELLEN reported revenue growth of 28% YoY and 16% QoQ in 2QFY27, driven by healthy performance in the core gases business, higher argon contribution, and increased capacity utilization.
- Consolidated EBITDA margin contracted 2QFY27, primarily due to higher transportation costs arising from increased diesel prices and longer-distance deliveries, along with higher employee expenses.
- Transportation costs are largely pass-through in nature under the company's long-term customer contracts. However, there is typically a 2–3-month lag between an increase in costs and the corresponding pass-through to customers. Management expects the impact to normalize over the coming quarters.
- Employee expenses were higher due to payment of annual increment arrears relating to previous quarters and investments in strengthening the project engineering team. The incremental employee cost for the project engineering division stood at INR11m in 2QFY27.
- The company is transitioning from capacity creation to capacity monetization, with its focus shifting toward improving utilization, generating sustainable revenues, and enhancing returns on invested capital.
- Management highlighted three structural growth drivers for the industrial gases industry: 1) rising demand and gradual industry consolidation, 2) increasing outsourcing of gas production by industrial customers, supporting long-term onsite contracts, and 3) emerging opportunities in coal gasification, which require large-scale oxygen supply and air separation units.

Outlook

- Management reiterated its guidance of 20% revenue growth in the core gases business, with growth expected to be primarily volume-led. Higher argon contribution is expected to provide an additional benefit to realizations.
- The company is expanding beyond its traditional presence in Eastern and Southern India toward Northern and Central India to diversify its customer base and establish a stronger pan-India footprint.
- Management reiterated its long-term EBITDA margin target of ~40% for the gases segment, supported by a higher contribution from onsite operations and premium gases.

Argon

- Argon contributed approximately 16% of the overall gas mix in 2QFY27, compared with ~10% in 1QFY27. The increase was driven equally by higher volumes and improved realizations.
- Higher argon volumes were supported by the ramp-up of the recently commissioned Uluberia capacity, which has increased the availability of argon for external sales.
- Management expects argon contribution to remain in the mid-teens (14-16%) over the long term, supported by favorable demand-supply dynamics, with demand growing faster than supply.

- Argon prices have remained healthy, and management remains positive on the long-term pricing outlook, although it refrained from commenting on quarterly realizations.

Capacity expansion and utilization

- The 320 TPD onsite plant in Durgapur, West Bengal, was commissioned in Sept'26 and commenced commercial operations during the quarter. The facility operates under a 15-year take-or-pay contract, providing long-term revenue visibility.
- As the plant became operational toward the end of 2QFY27, management expects the full-quarter revenue contribution to commence from 3QFY27
- The recently commissioned Uluberia 2 merchant plant (220 TPD), which commenced operations in 4QFY26 along with the Durgapur onsite plant, is expected to drive growth until the next phase of merchant capacity additions.
- The two planned merchant plants in North and Central India are now expected to become operational around the middle of FY28, with revenue contribution commencing in 2HFY28.

Project engineering

- ELLEN secured a major INR4.8b contract from BHEL in Sept'26 for the design, engineering, supply, erection, and commissioning of a 1,200 TPD cryogenic air separation unit in Odisha.
- The project will be executed over eight quarters. Revenue recognition will be based on actual project progress.
- The project is an EPC contract, under which the company will construct and commission the facility before handing it over to the customer. Unlike the onsite business, it does not involve long-term ownership and operation of the asset.
- Management indicated that EPC projects typically carry high-single-digit to low-double-digit margins, lower than the core gases business. However, they generate attractive returns on capital as they require working capital rather than significant long-term capital investment.
- The BHEL order strengthens ELLEN's engineering credentials and establishes its ability to execute large-scale ASUs exceeding 1,000 TPD. This could position the company to secure larger onsite contracts in the future, particularly in India's emerging coal gasification sector.
- Management highlighted that its longer-term aspiration is to own and operate 1,000+ TPD onsite facilities for coal gasification projects, subject to successfully demonstrating its execution capabilities through the current BHEL project.
- The company's immediate focus remains on disciplined project execution, timely procurement, working capital management, and achievement of contractual milestones.

Other

- Management indicated that there is no significant opportunity being pursued in helium manufacturing, as helium is primarily a traded gas and cannot be manufactured domestically.

- The company is planning to expand its portfolio of solar gases at its proposed Central India facility, with around 4–5 gases targeted to cater to the solar manufacturing ecosystem.
- Demand from the pharmaceutical segment remains encouraging, with several customers planning capacity expansions that could support higher gas volumes. Healthcare demand from hospitals remains stable and consistent.
- Management remains focused on the Indian market, where the company currently has a single-digit market share and significant headroom for growth. There are no immediate plans for international expansion.
- The planned capex will be funded through existing cash balances and project-level borrowings, as required. Management clarified that there are currently no imminent plans for an additional capital raise.

Valuation and view

- ELLEN's growth story will be led by: 1) capacity expansion across India, 2) demand of argon outpacing supply, 3) increasing traction in inquiries for onsite plants, 4) stable demand from well-diversified core industries, 5) India's manufacturing expansion and accelerating industrial activity, and 6) increasing demand for oxygen from coal gasification.
- We expect ELLEN to clock a CAGR of 41%/34%/25% in revenue/EBITDA/PAT during FY26-29. While we broadly maintain our FY27 earnings estimates, we lower our FY28 estimates by 7% to factor in delay in the commercialization of the North India plant (~220 TPD), which is now expected in 2HFY28. **We reiterate our BUY rating with a TP of INR400 (based on 30x Sep'28 EPS).**

Exhibit 8: Revisions to our estimates

Particulars	Revised			Previous			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue (INR m)	4,515	7,905	9,589	4,551	7,955	9,455	-1%	-1%	1%
EBITDA (INR m)	1,641	2,236	2,854	1,759	2,424	2,968	-7%	-8%	-4%
PAT (INR m)	1,385	1,697	2,097	1,409	1,827	2,143	-2%	-7%	-2%
EPS (INR)	9.8	12.0	14.9	10.0	13.0	15.2	-2%	-7%	-2%

Source: MOFSL

Financials and valuations

Consolidated - Income Statement								(INR m)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Total Income from Operations	**2,446**	**2,051**	**2,695**	**3,125**	**3,416**	**4,515**	**7,905**	**9,589**
Change (%)	39.6	-16.1	31.4	16.0	9.3	32.2	75.1	21.3
Raw Materials	348	259	549	357	396	525	919	1,115
Employees Cost	130	144	161	228	269	344	553	671
Power cost	0	740	777	749	737	991	1,735	2,104
Other Expenses	1,163	573	593	694	825	1,015	2,462	2,844
Total Expenditure	**1,641**	**1,715**	**2,079**	**2,027**	**2,228**	**2,874**	**5,669**	**6,735**
Gross Margin (%)	85.8	87.4	79.6	88.6	88.4	88.4	88.4	88.4
EBITDA	**805**	**336**	**615**	**1,097**	**1,188**	**1,641**	**2,236**	**2,854**
Margin (%)	32.9	16.4	22.8	35.1	34.8	36.3	28.3	29.8
Depreciation	115	114	100	207	215	322	417	463
EBIT	**689**	**222**	**515**	**890**	**973**	**1,318**	**1,819**	**2,391**
Int. and Finance Charges	45	35	80	171	95	109	198	248
Other Income	113	186	207	359	520	643	646	659
PBT bef. EO Exp.	**757**	**373**	**642**	**1,078**	**1,399**	**1,852**	**2,267**	**2,803**
EO Items	92	0	0	0	-46	0	0	0
PBT after EO Exp.	**849**	**373**	**642**	**1,078**	**1,353**	**1,852**	**2,267**	**2,803**
Total Tax	178	86	189	245	309	466	571	705
Tax Rate (%)	20.9	23.2	29.5	22.8	22.8	25.2	25.2	25.2
Reported PAT	**672**	**286**	**453**	**833**	**1,044**	**1,385**	**1,697**	**2,097**
Adjusted PAT	**599**	**286**	**453**	**833**	**1,079**	**1,385**	**1,697**	**2,097**
Change (%)	149.0	-52.2	58.3	83.9	29.6	28.3	22.5	23.6
Margin (%)	24.5	14.0	16.8	26.7	31.6	30.7	21.5	21.9

Consolidated - Balance Sheet								
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Equity Share Capital	65	65	65	262	282	282	282	282
Total Reserves	3,318	3,565	4,033	4,672	9,490	10,875	12,572	14,669
Net Worth	**3,383**	**3,631**	**4,099**	**4,934**	**9,771**	**11,157**	**12,853**	**14,951**
Total Loans	107	1,011	1,769	2,453	1,801	3,200	4,000	1,500
Deferred Tax Liabilities	216	188	261	310	388	388	388	388
Capital Employed	**3,707**	**4,830**	**6,129**	**7,697**	**11,961**	**14,745**	**17,242**	**16,839**
Gross Block	2,973	3,052	4,620	4,909	6,269	9,298	11,548	11,608
Less: Accum. Deprn.	1,098	1,212	1,312	1,519	1,734	2,056	2,473	2,936
Net Fixed Assets	**1,875**	**1,840**	**3,308**	**3,389**	**4,535**	**7,241**	**9,075**	**8,671**
Goodwill on Consolidation	0	0	0	0	0	0	0	0
Capital WIP	0	714	4	453	779	250	0	0
Total Investments	**969**	**1,109**	**1,697**	**1,943**	**3,972**	**3,972**	**3,972**	**3,972**
Curr. Assets, Loans&Adv.	**1,297**	**1,850**	**1,716**	**2,674**	**3,703**	**4,472**	**6,097**	**6,491**
Inventory	87	84	110	142	142	183	361	428
Account Receivables	363	394	453	836	633	836	1,408	1,708
Cash and Bank Balance	33	146	37	30	722	744	772	615
Loans and Advances	814	1,226	1,115	1,666	2,207	2,709	3,557	3,740
Curr. Liability & Prov.	**434**	**683**	**597**	**763**	**1,029**	**1,191**	**1,903**	**2,296**
Account Payables	161	176	177	141	146	244	481	572
Other Current Liabilities	250	489	363	532	781	813	1,186	1,438
Provisions	23	18	56	91	102	134	235	285
Net Current Assets	**863**	**1,167**	**1,119**	**1,911**	**2,675**	**3,281**	**4,195**	**4,195**
Appl. of Funds	**3,707**	**4,830**	**6,129**	**7,697**	**11,961**	**14,745**	**17,242**	**16,839**

Financials and valuations

Ratios								
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Basic (INR)								
EPS	**4.2**	**2.0**	**3.2**	**5.9**	**7.7**	**9.8**	**12.0**	**14.9**
EPS Growth (%)	**149.0**	**-52.2**	**58.3**	**83.9**	**29.6**	**28.3**	**22.5**	**23.6**
Cash EPS	21.8	12.2	16.9	7.9	9.2	12.1	15.0	18.2
BV/Share	103.4	110.9	125.2	37.7	69.3	79.2	91.2	106.1
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)								
P/E	73.6	154.1	97.3	52.9	40.8	31.8	26.0	21.0
Cash P/E	14.3	25.6	18.5	39.4	34.1	25.8	20.9	17.2
P/BV	3.0	2.8	2.5	8.3	4.5	4.0	3.4	2.9
EV/Sales	4.2	5.4	4.4	13.9	13.2	10.3	6.0	4.7
EV/EBITDA	12.8	33.1	19.5	39.5	38.0	28.4	21.2	15.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	3.5	-18.1	-15.4	-4.9	-1.8	-13.5	-8.7	13.7
Return Ratios (%)								
RoE	24.7	8.2	11.7	18.4	14.7	13.2	14.1	15.1
RoCE	19.5	7.3	9.3	14.0	11.7	11.0	11.5	13.4
RoIC	22.5	6.1	10.0	14.2	12.8	12.1	12.2	14.5
Working Capital Ratios								
Fixed Asset Turnover (x)	1.3	1.1	1.0	0.9	0.9	0.8	1.0	1.1
Asset Turnover (x)	0.7	0.4	0.4	0.4	0.3	0.3	0.5	0.6
Inventory (Days)	13	15	15	17	15	15	17	16
Debtor (Days)	54	70	61	98	68	68	65	65
Creditor (Days)	24	31	24	16	16	20	22	22
Leverage Ratio (x)								
Current Ratio	3.0	2.7	2.9	3.5	3.6	3.8	3.2	2.8
Interest Cover Ratio	15.2	6.3	6.4	5.2	10.3	12.1	9.2	9.7
Net Debt/Equity	0.0	0.2	0.4	0.5	0.1	0.2	0.3	0.1

Consolidated - Cash Flow Statement								(INR m)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
OP/(Loss) before Tax	849	373	642	1,078	1,353	1,852	2,267	2,803
Depreciation	115	114	100	207	215	322	417	463
Others	-167	-115	-153	-116	-366	-533	-448	-412
Direct Taxes Paid	-302	-108	-61	-74	-245	-466	-571	-705
(Inc)/Dec in WC	-226	88	-172	-1,053	369	-584	-886	-157
CF from Operations	**269**	**352**	**357**	**43**	**1,325**	**590**	**779**	**1,992**
Capex	-154	-945	-860	-689	-1,580	-2,500	-2,000	-60
Free Cash Flow	**115**	**-594**	**-503**	**-646**	**-255**	**-1,910**	**-1,221**	**1,932**
CF from Investments	**-351**	**-1,302**	**-741**	**-569**	**-4,364**	**-1,857**	**-1,354**	**599**
Inc/(Dec) in Debt	144	904	758	684	-749	1,399	800	-2,500
Interest Paid	-41	-29	-73	-157	-89	-109	-198	-248
Dividend Paid	0	0	0	0	0	0	0	0
CF from Fin. Activity	**95**	**866**	**675**	**519**	**3,049**	**1,290**	**602**	**-2,748**
Inc/Dec of Cash	**14**	**-85**	**291**	**-7**	**10**	**22**	**27**	**-156**
Opening Balance	7	3	114	9	2	12	35	62
Other bank balance	30	32	28	28	709	709	709	709
Cash balance	3	114	9	2	12	35	62	-94
Closing Balance	**33**	**146**	**37**	**30**	**722**	**744**	**772**	**615**

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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