



May 26, 2026

To National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051 SYMBOL: ELLEN	To BSE Limited New Trading Ring, 2nd Floor, Rotunda Building, P.J. Towers, Dalal Street, Mumbai – 400 001 SCRIP CODE: 544421
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Sub: Transcript of Earnings Conference Call with Analysts / Investors pertaining to the Audited Financial Results of the Company for the fourth quarter and financial year ended March 31, 2026 - Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed herewith is the transcript of the Earnings Conference call with Analysts / Investors held on Monday, May 25, 2026, post declaration of the Audited Financial Results of the Company for the fourth quarter and financial year ended March 31, 2026.

The same has also been disseminated on the website of the Company at <https://ellenbarrie.com/>

We request you to kindly take the above on record.

Thanking You.
Yours faithfully,

For Ellenbarrie Industrial Gases Limited

Aditya Keshri
Company Secretary and Compliance Officer
Membership No.: A73390



**ELLENBARRIE
INDUSTRIAL GASES LTD**



**Ellenbarrie Industrial Gases Ltd
Q4 and FY26 Earnings Conference Call
May 25, 2026**

Speakers:

Mr. Padam Kumar Agarwala - Chairman and Managing Director

Mr. Varun Agarwal - Joint Managing Director

Mr. K Srinivas Prasad - Chief Financial Officer

Moderator:

Ms. Vinita Pandya (Raadhi Capital)

Moderator:

Good evening, ladies and gentlemen. Welcome to the Q4 and FY26 earnings conference call of Ellenbarrie Industrial Gases Limited, hosted by Radhi Capital. As a reminder, all attendees will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. If you have any questions, please feel free to press the raise hand button. We'll call on you in turn and unmute your line so you can speak. Important note, if you need to ask a question, please ensure Microsoft Teams has permission to access your microphone when you log in, otherwise you'll not be able to unmute. Please note that this conference is being recorded. Kindly also note that the audio of the earnings call is a corporate material of Ellenbarrie Industrial Gases Limited and cannot be copied, rebroadcasted, or attributed in the PR media without specific and written consent of the company. Please note that anything said on this call that reflects the outlook towards the future, which can be construed as a forward-looking statement, must be reviewed in conjunction with the risk that the company faces. A copy of the disclosure is available on the investor relations section of the website as well as on the stock exchanges. To give you an in-depth understanding of the company and answer all your queries, we have from the management side today, Mr. Padam Kumar Agarwala, Chairman and Managing Director, Mr. Varun Agarwal, Joint Managing Director, and Mr. K Srinivas Prasad, Chief Financial Officer. I now hand over the conference to Mr. Agarwala for his opening remarks. Thank you and over to you, sir.

Mr. Padam Kumar Agarwala (Chairman and Managing Director):

Thank you for joining us today. As this is a full-year call, I'd like to begin with the broader environment in which Ellenbarrie is operating before Varun takes you through the quarterly and annual performance in more detail. The global environment remains uncertain. Across the world, industrial companies continue to operate in a setting shaped by geopolitical tensions, trade policy changes, energy price volatility, inflation concerns, and uneven industrial demand. These are not short-term issues alone. They are now part of the operating backdrop for most manufacturing and infrastructure-linked businesses. At the same time, we do not believe this is an environment for excessive pessimism. It is an environment that requires discipline, flexibility, and a clear view of where structural growth is still taking place. The way we look at it is simple. We cannot control the global cycle. We cannot control commodity prices. We cannot control external demand. But we can control where we allocate capital, how we serve customers, and how we manage costs, and also how we build resilience into business. India continues to stand out in this context. While the global economy remains mixed, India's domestic economy has strong relative resilience. The demand base in India is broadening across manufacturing, infrastructure, metals, chemicals, pharmaceuticals and healthcare, electronics, renewable energy, and new-age industrial sectors. The pace may vary from quarter to quarter, but the direction is constructive.

This is important for us because industrial gases are deeply linked through the real economy. Our products are not discretionary inputs. Oxygen, nitrogen, argon, hydrogen, and medical gases are used in production, processing, safety, quality control, and healthcare delivery.

As India builds more factories, more infrastructure, more steel capacity, more chemical and pharmaceutical capacity, more solar and electronics capacity, their need for reliable industrial gases also increases. In that sense, the gases business remains a proxy for the growth of manufacturing in India. That has always been a core part of our thesis. It is also why we continue to focus on the core gases business rather than looking only at short-term quarterly movement. The end market narrative is also evolving. Historically, metals and steel have been very important end-use industries for the gases sector and they will remain important. Steel fabrication, engineering, and infrastructure activity continue to drive large volumes. But we are also seeing new demand pools emerge. Pharmaceuticals, chemicals, and healthcare continue to require high reliability and high purity.

The renewable energy value chain is becoming more relevant. Solar cell manufacturing, and over time solar ingot and wafer manufacturing, can create demand for high-purity gases and argon. Electronics and semiconductors are still at an early stage in India, but they are strategically important areas. Green energy, recycling, space research, and advanced manufacturing are also opening up new applications. This does not mean that all these sectors will immediately contribute equally. Some opportunities will take time. Some will require technical capabilities, customer approvals, and supply chain development. But the direction of travel is clear. The industrial gas market is becoming wider, more technical, and more diversified.

For Ellenbarrie, this is a positive development. We have been in this business for several decades. We understand that the sector rewards reliability, proximity to customers, operational discipline, and prudent capital allocation. It is not a business where capacity alone is enough. Customers need assurance of supply. They need consistency. They need safety. They need tech support. They need partners who can deliver during both upcycles and downtrends. This is why our strategy remains focused on building a stronger and broader platform. We are expanding capacity, but we are also expanding our customer base, our geographic reach, and our product capability. We want a balanced portfolio across merchant, packaged, and on-site gases. Each model has a role. Merchant capacity gives us access to wider demand. Packaged gases help us to serve a distributed customer base. On-site plants give us long-term contracts and more stable revenue visibility. We are also conscious that industrial gases is a capital-intensive business. Therefore, growth must be pursued with discipline. The objective is not simply to add capacity. The objective is to add capacity at the right locations, for the right end markets, and with the right cost structure and the right return profile.

Power cost remains a critical part of our business model. It is one of the largest input costs for the industry. Therefore, energy efficiency and power cost optimization will remain management priorities. Our renewable energy initiatives are also aligned with this objective over time. Overtime, these steps should help improve cost visibility and support the sustainability profile of the business. As we look ahead, we remain cautiously optimistic. We are not assuming that the macro environment will suddenly become easy. We are also not building our plans on the assumption of a strong cyclical rebound. But we do believe that the medium-term opportunity for industrial gases in India remains strong. The reason is that the underlying drivers are structural. Manufacturing activity in India is expanding. Infrastructure creation is continuing. New industrial clusters are developing. Customers are becoming more quality-conscious and reliability-conscious.

Emerging sectors need higher purity and more technical gases. These trends are favourable for organized players with scale, operating history, and customer relationships. For Ellenbarrie, FY27 will be an important year of execution. Our focus will be on ramping up the capacity that has already been commissioned, bringing the next on-site capacity into operation, deepening customer relationships, maintaining cost discipline, and preserving balance sheet strength. We remain committed to long-term sustainable growth. We continue to invest, but we will do so carefully. We will pursue opportunities, but we will not compromise on discipline. We will remain optimistic about India's industrial growth, but we will also stay realistic about short-term volatility. With that, I would like to thank our employees, customers, partners, and shareholders for their continued support.

I will now hand over to Varun to take you through the quarterly performance, the full-year context, and how we see FY27 shaping up. Thank you.

Mr. Varun Agarwal (Joint Managing Director):

Thank you for your comments. I'll first discuss the Q4 performance and then step back and explain FY26 as a full year and finally talk about how we see FY27 shaping up. So Q4 was an important quarter for us, but it was not a simple quarter to read only through the reported numbers. There were a few moving parts in the quarter. Some were operational, some were timing-related, and some were one-off in nature. Therefore, the right way to look at Q4 is to separate the underlying business trend from the temporary factors that affected the quarter. So, starting with revenue, the core gases business continued to remain the main driver of the company. Demand across our key gases remained linked to the broader industrial environment. Despite the Iran conflict, the revenue from the core gases segment grew 9% sequentially quarter-on-quarter. We started seeing better traction from the newly commissioned capacity and also from our existing customer base.

I think the most important event in Q4 for us was the commissioning of the Ulluberia 2 merchant plant. This is a 220 tons per day plant in West Bengal, and it's strategically important for us because it adds capacity for us in a market where we already have a strong customer presence. The plant moved from commissioning into ramp-up and, as we have said earlier, a new merchant plant typically takes time to reach the optimum capacity utilization. Our general assumption is that of an 18-month ramp-up. However, because this plant is located in one of our established markets and because we already have customer relationships in this region, we believe the ramp-up can be relatively better managed. On profitability, Q4 was impacted by several one-off items. These should not be seen as structural to the business. The more important drivers of margins remain power cost, plant utilization, and argon pricing. If we purely look at the core gases business, this remained robust with FY26 growth coming in at 14.2% over the FY25 numbers. And the gases segment EBITDA margins, if we adjust for the one-off items, touched 40% in Q4 and was 38.4% for the entire FY26 as a whole, which is a growth of 500 basis points from FY25. Argon was the key factor in the second half of the year. In Q3, the argon prices were weak. This was due to a softer steel environment and oversupply from captive gas plants which are operated by steel producers. That had affected our margins in Q3. In Q4, we saw argon prices recover from the Q3 lows. This recovery is encouraging, and we feel that there is scope for further normalization in FY27. It's also, I think, important to clarify that we don't look at argon on a one-quarter basis. Argon prices can fluctuate in the short term, but the long-term demand-supply position structurally for argon remains favourable. Argon is produced as a byproduct of oxygen production.

So, which means that you can't set up a plant only to produce argon. So, supply growth is therefore linked to the oxygen capacity growth, whereas the demand for argon is increasing across industrial applications and also potentially from solar and other emerging sectors. So therefore, we remain constructive in argon over the medium term. Now coming to FY26 as a full year, this was a year in which the underlying business direction remained intact. The reported growth was impacted by timing issues which was mainly the delayed start of our Ulluberia 2 plant. In our industry, the growth doesn't happen evenly every quarter. It happens in steps. When a plant is commissioned, the capacity comes into the system, and the revenue starts to scale. During the year, our existing plants continued to operate at high utilization levels. That is a positive because it shows that the demand for our core products remain healthy. But it also means that without new capacity, the growth from our existing assets has natural limits. Therefore, the commissioning and ramp-up of new plants is essential for the next leg of growth.

We continue to make progress on this side. We have been expanding our presence beyond our historic core markets. We are working on a new capacity in north India and one in west-central India. Looking ahead to FY27, we believe that the company is

entering the year in a stronger position than it entered FY26. The reason is quite straightforward. One plant went live in Q4 of FY26. Another on-site plant is expected to go live in the next month. This means that FY27 should have the benefit of new capacity for a much larger part of the year. The Uluberia 2 merchant plant will continue ramping up throughout the year. The on-site plant in East India should start contributing once it's operational.

And because this is an on-site plant with long-term customer arrangement, the revenue profile is expected to be stable compared to a merchant plant. Therefore, while we are not giving a specific quarterly or annual guidance number, the direction is positive. FY27 will be a year where the capacity additions begin to reflect more meaningfully in revenue. We should also see operating leverage as utilization improves, and if argon continues to recover further, that will support the margin profile as well. So, our priorities for this financial year are clear. First, ramp up Uluberia 2 efficiently and profitably. Second is commission and stabilize the East India on-site plant which is expected in the next month. Third, continue execution on the planned merchant projects while maintaining cost discipline around power, logistics, and capital allocation. So, to summarize, Q4 had some one-offs, but it also marked an important transition with new capacity coming into the system.

The growth for FY26 was impacted by a delayed project commissioning, but the long-term business case remains unchanged. FY27 starts with a stronger capacity base, better visibility on new plant contribution, and improving argon pricing compared with the Q3 FY26 lows. We remain focused on execution and the opportunity is intact. The next step is to convert the commissioned capacity into revenue and then the revenue into margins and cash flows. With that, we can now take questions.

Moderator:

Thank you. We will now open the call for questions. Kindly raise your hand to ask a question. We will unmute your line. Please announce your name and organization name before you ask a question. And as a reminder, we request all participants to restrict themselves to two questions and come back in the queue. The first question is from the line of Uzair Lari. I'm bringing you on screen. Please unmute yourself and go ahead.

Uzair Lari:

Yeah. Hi. Am I audible?

Moderator:

Yes, you are.

Uzair Lari:

Hi, my name is Uzair Lari and I'm from Aveksat Financial Advisory. So, I had a couple of questions. So, first of all, congratulations on good set of numbers. So, first can you share some details on the one-offs which happened in this quarter, like one-time settlement with an on-site customer and impairment on a legacy non-core investment?

Mr. Varun Agarwal:

Yeah, sure. So, the Q4 reported EBITDA was about 260 million and the reported EBITDA margin was about 30%. However, there were three non-recurring items aggregating to about 46 million. Adjusting for these three, the EBITDA would have been 304 million and the margin would have been around 35%. So, the three one-time items were: the first was a one-time provisioning for employee leave encashment which was about 11 million. This is just an accounting provision based on the policy-linked employee benefit obligations. So, it doesn't reflect a recurring operating cost, and it was a one-time catch-up in the quarter. The second was an impairment relating to a legacy non-core investment. It's not connected to the operating gases business, and it relates to an older investment on the balance sheet. The impairment was taken on the basis of our assessment of the recoverability and the fair value. And importantly, this is not reflective of any kind of plant performance or customer demand or gas pricing, etc. The third item was a one-time settlement with an on-site customer for 15 million. This was a specific commercial settlement. It should not be viewed as a part of a recurring on-site margin structure or a recurring cost. Our on-site model continues to remain attractive because it's based on long-term customer arrangements and stable revenue visibility. So, we don't anticipate this kind of a one-off settlement happening going forward. So, if we strip out these three items, the underlying Q4 margin looks materially better than the reported number, and the core gases division, if you look at it from a segment basis, it delivered a segment result margin of 40% in Q4 of FY26 and for the entire financial year of FY26 38.4%.

Uzair Lari:

Okay. So, sir, this one-time settlement with an on-site customer, so I just wanted to know like is the customer still with us or has parted ways?

Mr. Varun Agarwal:

No, the customer is still with us. We have a 15-year contract with the customer, and this settlement was pertaining to the start-up date of the plant. There was a specific commercial debate, I would say, between us and the customer on the start-up date of the plant, and both the parties amicably we've settled to a particular number and due to which we have taken this 15 million write-off.

Uzair Lari:

Okay, understood.

Mr. Varun Agarwal:

But the business continues smoothly. Yeah.

Uzair Lari:

Okay. Understood. And sir, regarding the project engineering vertical, so going ahead, can we expect a significant growth from this vertical or will it be like a muted growth?

Mr. Varun Agarwal:

So, we don't expect significant growth from the project engineering vertical, largely because of the fact that we have significant expansion plans of our own, and our project engineering team is currently fully engaged in execution of our internal projects. And for our internal project execution, we don't generate any kind of billing. Only if there's an external project which is executed, there the project engineering team earns a revenue. And with the capacities that we are coming up with, we don't foresee this team to have enough spare bandwidth to be able to do external projects.

Uzair Lari:

Okay sir, understood. And sir, how do you see the trend in the argon prices going ahead in next few quarters? Can we expect further improvement in argon prices given that also the steel companies are performing good. So how do you see the trend in argon prices going ahead in next few quarters?

Mr. Varun Agarwal:

So, look, we did see argon prices recover in Q4 compared to Q3, right. But the pricing is still below the first half of FY26. Now argon is obviously important for us because it has higher margins than other gases. But we would encourage to look at argon pricing on an average price for the year rather than keep looking at it on every quarter basis because in short-term this pricing tends to be a little volatile. Having said that, as I said, the pricing has recovered from the Q3 lows, and we expect it to remain robust with significant demand coming in from the steel sector.

Uzair Lari:

Okay sir, understood. And sir, since excuse me...

Moderator:

Requesting you to please come back in the queue. There are many other participants waiting.

Uzair Lari:

Sure. Sure. Thank you.

Moderator:

Yeah. The next question is from the line of Vidhan Sada. Vidhan, please go ahead with your question and mention your organization name.

Vidhan Sada:

Hello. Am I audible?

Moderator:

Yes, you are. Please go ahead.

Vidhan Sada:

Yeah. I'm Vidhan Sada from Nirmal Bang Securities. Thank you for the opportunity. So, my question is like we were expecting much better quarter. In Q3, in last call we told that. So, the steel demand was quite good in Q4 of FY26 and still we have not seen argon price recovering. So, what gives you confidence or what factors you see where the argon price will rise from here?

Mr. Varun Agarwal:

No. So, look, Q4 has been operationally a much stronger quarter compared to Q3. As I said, if you adjust for the one-offs, then on a Q3 versus Q4, growth has been about close to 9%. The margin profile, the segment margin on the gases business in Q3 was about close to 35%, in Q4 this has gone up to 40%. So Q4 has been operationally better. Argon pricing has improved in Q4 compared to Q3. But we do feel that the recovery is going to continue into the next financial year, especially if the global geopolitical issues are behind us. We see significant boost coming into the argon pricing and for it to continue to recover from even the Q4 levels.

Vidhan Sada:

Okay sir. And one more query, like, okay the business is lumpy, you cannot say anything quarter-on-quarter, just if I have to see on a 3 years and five years basis, like what are our current capacities and what capacities we are building for future. So how as an investor we can look at our revenue growth?

Mr. Varun Agarwal:

So, I think longer-term revenue growth which we've guided in the past as well is for a 20% CAGR kind of a revenue growth. We have existing capacities which are already up and running of about 900 odd tons per day of merchant capacity and about 700 tons per day of on-site capacity. We expect this to go up from 900 to about 1,130 and the on-site to go up from about 700 to about 1,000 in over the next 12 months. Which itself is a

significant jump, and meanwhile, the company is obviously evaluating multiple other projects both on the merchant and on-site in order for us to achieve this sort of 20% CAGR growth rate.

Vidhan Sada:

Thank you for explaining sir. Thank you.

Moderator:

Thank you, Vidhan. The next question is from the line of Bhavika Singhvi. Bhavika, please unmute yourself and go ahead with your question.

Bhavika Singhvi:

Yeah. Thank you for the opportunity. So basically, I have like from the previous question I just want to know that as you say that we are planning to make a bulk capacity to 1,131 and the on-site capacity to 1,800. So just want to understand that how we can expect the utilization of the current installed capacity and what will be the utilization of the capacity which is going to come, and also can you break down the upcoming facilities which we are planning to install, like where the facility will come and all.

Mr. Varun Agarwal:

Sure. So, look, our existing capacity is, I mean, if we exclude the recently commissioned Uluberia 2 plant, because that's just recently commissioned, it's been a few months, but apart from that plant all our other capacities are fully utilized, right. And that's something which I mentioned in my opening remarks as well, that while that means that, yes, those capacities will keep generating regular cash flows and income. But it also means that for a growth to come in we need to add new capacity, which we have done currently with this 220 tons Uluberia capacity. Now, going forward, in this financial year we expect another 220 tons plant to be commissioned and early next financial year another 250 odd tons plant. So, we have two merchant plants, one in northern India and one in west-central India. These two plants, if we add, I mean, we'll have a combined capacity of about 450 to 500 tons, and that will actually in FY28 take our merchant capacity from the current 900 odd tons to about close to 1,350 tons. And for the on-site of course, we have one plant which is coming up expected to be commissioned next month. This is a 320 tons per day plant. In terms of capacity utilization of the newer projects, for on-site plants, you know we don't really care about the capacity utilization in the sense that the typical contracts for on-site plants are of the nature of a fixed amount, sort of a take or pay fixed amount payable to us. So that revenue is more or less very visible and clear. For the merchant plants, we expect the ramp-up to take about 18 odd months from the date of commissioning. So, from the date of commissioning of any

particular merchant plant, you will see that the revenue contribution typically from that plant will increase every quarter at least for the next 6 to 8 quarters.

Bhavika Singhvi:

And the second question I have is regarding Air Water. As per my understanding they invested in you in 2013 and then they sold their shares to the promoters. So, I just want to understand that what was the reason behind it, and also for the EPC segment where we are getting the project engineering revenue and also because we get our own ASU done by our own team. So just want to understand which technology we use. Do we use the same Air Water technology or we have our own, if you can give clarity on that.

Mr. Varun Agarwal:

Yeah. So, we have our own technology in the sense that we design the plants, and we buy the machines from suppliers across the world, and then our internal team does the putting it all together at the site. So that's something that we do on our own and that's actually one of our main strengths as an independent gas company which is not linked to one of the larger multinational groups, that we are one of the few independent companies that are able to do this. Regarding the Air Water buyback, it was mutually agreed between the partners, and Air Water continues to do business in India in the name of Air Water India, and we continued to do business as an independent company. And it was a mutually agreed decision for various strategic reasons of both the sides.

Bhavika Singhvi:

Okay. Got it. And sir, one more question if I can maybe chip in like, so wanted to understand like because when I look at companies like maybe Linde or Air Water. So, they typically do maybe large size ASUs and for the major bigger size steel plants they only get the orders is what my understanding is. So maybe is it like how is the industry progressing towards maybe midsize players like us? How are we able to maybe get some big size order and also if you can help us understand more on the competition side how is that building up, because industrial gases as a category the demand looks quite lucrative, but maybe as of now because a lot of ASUs will come up which might affect pricing, because every ASU player will try to maybe utilize or increase the utilization by maybe reducing the prices and we'll have to maybe when we sell our piped gases or whatever like that. So maybe on that front, pricing in my understanding will get maybe reduced for some bit of time. So, if you can maybe help us understand or give some more clarity on that side.

Mr. Varun Agarwal:

So, look, our business is primarily driven by long-term contracts. And every year there will be new capacities that come in in terms of supply, but then also there's significant

demand also that comes in, right. So just because new capacities are coming in doesn't necessarily mean that there'll be an intensive price war or anything like that, and typically in this industry, because pricing is governed by long-term contracts, these kind of situations don't really happen, so we don't really foresee that there is excessive capacity coming in or that there will be a downward pressure on the pricing. So yes, there is capacity coming in, but we are bringing in capacity and so are our competitors, and there is good amount of demand also coming in, right, so we don't really see that imbalance in demand-supply going forward. And with regards to your earlier question, I think look, we are, yes, you are right that the very large size ASUs we are currently, we don't have any such ASUs operational. Having said that, the size up to which we are able to execute is gradually increasing, right. So earlier let's say if we were doing plants up to 200 tons per day, we've commissioned a year and a half back a plant which is 600 tons per day, and we have the capability to execute plants which are upwards of thousand tons a day as well. So as the size of the organization builds up, the number of plants that we operate, the size of the plants that we operate, the addressable market that we can cater to also will keep increasing because it will not be a situation where we are not in contention for the very large ASUs.

Bhavika Singhvi:

Understood. And sir for the business...

Moderator:

Please, please come back in the queue. There are many participants waiting in the queue. Thank you. Next question is from Vijit Global Securities. Please go ahead and ask your question.

Divya Daga:

Hello. Hi sir, I am Divya Daga from Vijit Global Securities. I have a couple of questions. My first question is, can you provide me a capex target for FY26 which is 250 crores, but how much of this we have utilized?

Mr. Varun Agarwal:

So we are, I mean, this is a target for the entire year, and it'll keep gradually over the quarters we expect to invest that amount. I can't sort of give you a number for between the start of this quarter till now because it's hardly been like half a quarter. So can't really comment on that, but we expect to utilize the entire amount over the course of the year.

Divya Daga:

Okay, my next question is, can you provide me any unit of economics related to argon and overall business so that it will help me to understand it better?

Mr. Varun Agarwal:

Look, I think broadly speaking, for all our products, right, because let's say oxygen, nitrogen, and argon, they all come from the same production line, right? Which is basically an air separation plant. We take in air, and the main cost then to separate the air into these three components is power, and power is the largest cost line item for us. The second line item in terms of cost would be the transportation cost. As you know, we deliver the product to our customers and then followed by other costs like your maintenance cost, the overhead costs for the salaries and the corporate office. So rather than getting into a deep dive on the unit economics, I would suggest that maybe any of the research analysts who cover our stocks, they'll be able to guide you on this in a much more detailed manner.

Divya Daga:

Okay. Thanks so much, sir.

Moderator:

Thank you. The next question is from the line of Anant Sarda. Anant, please unmute yourself and go ahead with your question.

Anant Sarda:

Hi, I'm Anant Sarda from Chhattisgarh Investments Limited. Thank you for the opportunity. Sir, I would want to know your percentage of renewables, you know, for your merchant plants versus the grid power that you use.

Mr. Varun Agarwal:

Hi Anant.

Anant Sarda:

Hi.

Mr. Varun Agarwal:

So, Anant, we are basically, we have, you can say three sources of power. One is of course the grid power, and our plants in eastern India which typically are in West Bengal, they all operate on grid power because of difficulty in securing open access there. Now coming to the southern region plants, we do a mix of grid power and exchange power. I think typically exchange on any given month we can buy about 50% odd of our requirement from the exchange. We've recently signed up, I think just a couple of quarters ago, a long-term PPA for a wind-solar hybrid plant which will give about 55 to 60% of our power demand for one of our units, one of our factories. It'll provide about 55 to 60% of the power demand there, and that's of course renewable

with a long-term PPA. We are looking to sign similar PPAs for our other merchant plants as well. And even for the merchant plants that we are currently building out, we are already, we've started discussions with independent power producers to see how we can sign up a PPA even before the plant goes live.

Anant Sarda:

So just to clarify, out of 911 tons that we make, like out in FY26 you know, like what is the percentage that is there on renewables? Of course, there are some challenges that we have you know, plant-wise it's really hard for us to see you know, and coordinate. So like, can you just tell me the percentage of the 911 tons, and also some kind of target if you have to convert, you know, all the southern area plants to renewable energy completely.

Mr. Varun Agarwal:

Yeah. So, if we break up this 911, so the southern region is approximately about 550 odd tons right. Now, out of that 550 tons, only one plant is where we have signed up with a renewable player which is a 170 tons plant. So, you know, if you look at 170 divided by 900, it's coming to about 18 odd%. Our target is yes, to sign up PPAs for all the three plants in the southern region. And for one of them we are waiting for the government policy to open up for that particular state for wind-solar hybrid, and for the other one, because it's an on-site plant in the premises of one of our customers. So, we are in discussions with the customer and a power producer to figure out some kind of a solution whereby we can get access to renewable energy.

Anant Sarda:

And sir, like what is the difference between the grid pricing and the PPA if you can share that?

Mr. Varun Agarwal:

So, it's a significant difference, I would say. The grid pricing is about 50 to 60% higher than the PPA pricing, and but then having said that, we also buy from the exchange, so which is typically slightly lower than the grid.

Anant Sarda:

Thank you sir and all the best.

Moderator:

Thank you, Anant. The next question is from Tanmay Gadre. Tanmay, please go ahead with your question. Please mention your organization name.

Tanmay Gadre:

Hello. Thank you so much for the opportunity. I am Tanmay Gadre from Aditya Birla Sun Life Pension Fund, and my request is to let me ask three questions instead of two, as all three of them are from different points of view and equally important. So, my first question, so it is more regarding first principles understanding of the business. Yeah, so as you mentioned earlier that we buy machines and then there is a team that does the EPC work building of the ASU plant on site. So, is there any scientific expertise required for this, and if yes, who is responsible for the same in the senior management team. That's my first question.

Mr. Varun Agarwal:

So, I would say yes, there is significant engineering expertise required. These plants that we set up are both on-site in nature, which means it is set up in the premises of our customers, plus they could be our independent plants which means they are set up in our own premises. And the expertise required is across let's say almost all engineering disciplines. We have a projects team headed by a projects head who is responsible for this. And essentially the whole kind of from starting from the design to the procurement, execution, all of this is done in-house.

Tanmay Gadre:

Okay. Yeah. So, my second question is regarding power. As you have mentioned in the presentation that we have signed 25-year power purchase agreement with a company, and we have also taken a 26% stake for rupees 70.8 million. I wanted to know that, are we planning to acquire this or taking a majority stake in this particular company? And also, as I see in 2016 our power costs was higher compared to what they are today. So is my understanding correct that if we switch to, as I see that as more renewable power and everything grows in India, the overall power cost will decline. So will that help you improve the margins on a decadal basis, on a decadal timeline if I look at, so currently it's around 22%. Can I expect it to go somewhere at 10% and even below that?

Mr. Varun Agarwal:

Look, I can tell you that absolutely you're right that this power cost, the percentage that it cost overall, power cost will keep reducing, and the reason is number one, of course, that due to renewables, due to purchase of exchange power today, we have multiple options where we can reduce the cost compared to the baseline grid tariff, right. So that's one factor. The second factor is also that the plants that we are setting up now are also much more efficient in terms of their power consumption. So, they give a lot more output for every power unit that they consume compared to, let's say, a plant which was set up 15 years ago. Right? So, I think both those factors put together will reduce the power cost as a percentage of revenue. But if you ask me for a specific number, it's hard

for me to guess, but I don't think 10% or something is feasible. It'll probably be definitely directionally it'll go lower, but probably not to hit such a low level like 10%.

Tanmay Gadre:

Okay. Yeah, I understand. So, my last question regarding transport costs. As you mentioned that it is the second largest cost after the power cost. So, I just wanted to understand for bulk transportation what is the maximum radius that within which you operate and are there any sort of advantages in a particular area or disadvantages in another when it comes to competition, and when it comes to overall transportation cost. I just wanted to understand that.

Mr. Varun Agarwal:

So, I think transportation cost is obviously just a function of the distance, right. So generally, we prefer to deliver within a radius of about, let's say, 300 to 400 kilometers from our plant. Of course, we have certain customers that are located even further away. And there the transport cost gets higher, and we are obviously taking measures to reduce the transport cost by investing in larger capacity tankers where the per unit cost of transport gets reduced because you are able to carry a much larger payload. So, we are working on those things. I think area to area, as such, there is no difference in the transport costs, and with respect to competition, yes, it's there in every area. Certain areas are more competitive than others, but that's something which over time keeps changing. So, I can't really give a broad-based comment on that. But I think broadly the competition profile for every area is different, and sometimes certain areas have lesser competition, but then let's say more capacity will then get added there because there is lesser competition. So, things like that, but I think broadly it's similar across the country.

Tanmay Gadre:

Thank you so much for this opportunity and I wish all the best to the management team. Thank you.

Moderator:

Thank you. The next question is from Pravin Kumar Yadav. Pravin, please unmute yourself and go ahead.

Pravin Kumar Yadav:

Hello. Am I audible?

Moderator:

Yes, you are.

Pravin Kumar Yadav:

Sir, my question is regarding the company's growth strategy. So, I wanted to know about it, like I was reading the PPT and it is written that the company is introducing new gases and new applications for green energy, semiconductor, and electronics. So, I wanted to know about it. Can you please give some colour about it?

Mr. Varun Agarwal:

So the growth strategy, one is of course continuing to build out more plants which produce our core gases, oxygen, nitrogen, argon, and then the other aspect is which you mentioned, the adding of certain other specialty gases which will broaden our portfolio, and we see especially solar cell manufacturing as a significant opportunity. I think the industry is expanding rapidly. And there is potential there to, while they require the basic gases like nitrogen and oxygen, but they also require other specialty gases as we call them, which typically are imported and then debulked and supplied to these customers. And we feel that since we already have the relationships with certain customers, we can increase the size of that relationship by adding these additional gases. And this facility is planned within our west-central India plant. And so that plant will also have this facility where we'll be able to debulk and distribute these specialty gases.

Pravin Kumar Yadav:

Okay. And sir, my second question is like on year-on-year basis our revenue from argon has been from 8% to 10% this quarter. So, I wanted to know where this percentage of revenue from argon will go from here.

Mr. Varun Agarwal:

I think broadly we can, you know, I think slightly longer term if we look at it, we can touch somewhere around 15% is what we expect. Of course, that also depends on the pricing of argon. But I think 15% in a longer term is something which we should be able to achieve.

Pravin Kumar Yadav:

Okay. Okay. Thank you and all the best. Thank you.

Moderator:

Thank you. The next question is from Ashish Pareek. Ashish, please unmute yourself and go ahead.

Ashish Pareek:

Ashish, am I audible? Can you hear me?

Moderator:

Yes. Please go ahead.

Ashish Pareek:

Thank you for the opportunity. Sir, if you see our EBITDA margins in the first half of FY26, there was a bump up before the IPO and margins reached 38%. Thereafter the margins have fallen to 30%. So, what should be the steady state EBITDA margins one should look at going forward from here. And secondly sir, we have added capacity in FY26 and plan to add more. So how will it translate into our revenue in FY27 and FY28? So, these are my questions. Give us some perspective on realistic perspective on revenue and EBITDA margins for next two years if you could. Thank you.

Mr. Varun Agarwal:

Sure. So, look, our long-term EBITDA margin aspiration is 40%. And there is a reason and we want to clarify what will drive this margin to 40%. See, first of all, the newer capacities that we are adding are much more efficient on power consumption. Power is the largest cost in our business. So that efficient capacity combined with the power costs coming down due to better mix of renewables and private power purchase will actually significantly boost the plant-level economics. I think the second point is that in FY26 the first half argon pricing was significantly higher than the second half, and that's why the point that you mentioned that the margins were higher in the first half was primarily due to that. We expect argon pricing to recover, which it's already on that recovery trend. We expect it to continue to recover, and that will also contribute to some margins. Of course, the third is operating leverage on our new capacities. As we ramp up the merchant capacities, we'll get significant margin improvements, and of course, this quarter was impacted by certain one-offs, but I think if we adjust for these one-offs, the gases segment EBITDA margins were quite healthy. So, we expect this trend to continue. And our target remains to achieve a 40% EBITDA margin in the medium term, and in terms of revenue growth we have consistently maintained that we would target a 20% CAGR in terms of revenue growth, and the capacities that are coming online, even the one that has come online in the last quarter of the FY26, we have more coming online this year, so all of this will help us achieve that 20% revenue CAGR.

Ashish Pareek:

Sir, could we see that 20% revenue growth in FY27?

Mr. Varun Agarwal:

So, I think your question was over the next 2 to 3 years what we expect, and yes, over the next 2 to 3 years we will definitely look at a 20% revenue CAGR. We don't want to give specific guidance for one particular quarter or a year, but just want to highlight that yes,

we do have new capacity that has come in, and that will contribute meaningfully to the revenue growth.

Ashish Pareek:

Okay, so thank you so much. Thank you.

Moderator:

Thank you. That was the last question for the day. I now hand over the call to Varun for his closing comments. Thank you and over to you, Varun.

Mr. Varun Agarwal:

Yeah, thanks Vinita. So, thank you everyone for joining the call and for your questions. I think I just want to reiterate that our focus is now on execution. Uluberia 2 has been commissioned successfully and it's ramping up. The East India on-site plant is expected to come online shortly, and this will support our growth as we move through the year. So, thank you once again for your continued support and we can end the call.

Moderator:

Thank you. Thank you once again for your time and participation. On behalf of Ellenbarrie Industrial Gases Limited, this concludes today's conference. For any question, please feel free to write to us on the email ids mentioned on the invite. We appreciate your engagement. You may now disconnect your lines. Thank you

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