

AUGUST 25, 2016

CARE ASSIGNS 'CARE BB+' RATING TO LONG-TERM BANK FACILITIES OF ELLENBARRIE INDUSTRIAL GASES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	21	CARE BB+ (Double B Plus)	Assigned
Total Bank Facilities	21 (Rupees Twenty One crore only)		

Rating Rationale

The rating assigned to the bank facilities of Ellenbarrie Industrial Gases Limited (EIGL) is constrained by the cash losses in the past three years resulting in the erosion of networth albeit signs of turnaround in Q1FY17, foreign currency fluctuation risk for the foreign currency denominated loans, exposure to competition due to low product differentiation, capital intensive nature of business and performance linked with fortunes of the end-user industry. The rating weaknesses are partly offset by the strong operational and financial support from the ultimate parent company Air Water Incorporation (AWI), experienced promoters with long track record, diversified customer base and moderate capacity utilisation.

The ability of the company to turnaround its performance and stabilization of the newly commissioned Hyderabad unit would remain the key rating sensitivities.

Background

Incorporated in November 1973, EIGL is engaged in the manufacturing, trading and supply of industrial and medical gases viz. Oxygen, Nitrogen, Argon, Carbon Dioxide, Helium, Acetylene (DA) Nitrous Oxide and specialty gas mixtures. EIGL was set up by Mr. Shanti Prasad Agarwala and his family. In October 2013, Air Water Incorporation (AWI), a leading Japan-based company, acquired 51% stake in EIGL, to enter the Indian market.

EIGL's plants are located at Uluberia (36,500 MTPA), Vishakhapatnam (40,150 MTPA) and Hyderabad (40,150 MTPA). The manufacturing facility of EIGL at Uluberia and Kalyani has AS/NZS ISO 9001:2008 certification. EIGL is also one of the members of Federation of Indian Export Organisation and International Oxygen Manufacturers Association.

The Board of Directors of EIGL consists of nine members with three representatives from AWI (including JMD), three members from the Agarwala family and rest independent directors.

In FY16 (refers to the period April 01 to March 31), EIGL reported a loss of Rs. 13.32 crore (loss of Rs. 8.68 crore in FY15) on a total operating income of Rs. 99.02 crore (Rs. 91.94 crore in FY15). As per the un-audited Q1FY17 (refers to the period April 01 to June 30), EIGL reported a loss of Rs. 1.01 crore

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

(loss of Rs. 2.84 crore in Q1FY16) on a total operating income of Rs. 24.06 crore (Rs. 24.44 crore in Q1FY16).

Analyst Contact

Name: Ms Richa Bagaria

Tel: 033-4018 1653

Email: richa.jain@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT**Head Office Mumbai****Mr. Saikat Roy**

Mobile: + 91 98209 98779

E-mail: saikat.roy@careratings.com**Mr. Amod Khanorkar**

Mobile: + 91 98190 84000

E-mail: amod.khanorkar@careratings.com**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD****Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**CHANDIGARH****Mr. Sajan Goyal**2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**HYDERABAD****Mr. Ramesh Bob**401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 - 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**PUNE****Mr. Pratim Banerjee**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691