

## Retail Equity Research

# Linde India Ltd

## Chemicals

**CMP Rs. ₹ 6472**

**Rating: Overweight**

**NSE CODE: LINDEINDIA BSE CODE: 523457**

The company's sales have shown volatility, declining 11% in Mar-24 but recovering 4% in Jun-24, followed by another decline in subsequent quarters, ending at ₹605.86 Cr (-5% YoY) in Dec-24. The fluctuating sales trend suggests cyclical demand or external macroeconomic pressures impacting revenue.

Operating profit remained relatively stable, peaking at ₹192.15 Cr in Dec-24 (+7%), indicating cost efficiency improvements, as expenses declined from ₹520.05 Cr in Dec-23 to ₹413.71 Cr in Dec-24. This reflects effective cost management and operational resilience.

However, net profit dipped in Mar-24 (-12%) but rebounded by Dec-24 (+8%), aligning with operating profit recovery. A stable interest expense and depreciation trend suggest a controlled financial structure, while a slight increase in tax outflows indicates a consistent tax regime.

### Company Data

Market Cap (cr)		Rs.	55,189.80
Enterprise Value (cr)		Rs.	53,708.35
Outstanding Shares (cr)			8.53
52 week high		Rs.	9,935.00
52 week low		Rs.	5,380.00
1m average volume (lacs)			0.55
Face value		Rs.	10.00
	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
Sales	2111.96	3135.52	2768.67
Growth(%)	44%	48%	-12%
EBITDA	895.67	873.58	779.34
EBITDA Margin(%)	42.4%	27.9%	28.1%
PAT	513.94	535.77	426.34
Growth(%)	230%	4%	-20%
EPS	60.3	62.8	50.0
P/E	41.3	64.2	128.2
P/B	7.9	11.0	15.9
EV/EBITDA	22.6	38.0	68.9
ROE(%)	19%	17.2%	12%
ROCE(%)	26%	19.8%	16.7%
ROIC(%)	19%	17.3%	12.6%
D/E	0.01	0.01	0.01

### 1. Strong Financial Performance

Linde India reported a 48% revenue growth in the 15-month period ending March 2023. The Gases segment grew by 33%, driven by higher demand for merchant liquid gases, helium, and special products. The Project Engineering Division (PED) saw a 104% rise due to a strong order book. The company maintains a healthy cash balance of ₹11,866 million and operates with zero debt, reinforcing its financial strength.

### 2. Expanding Industrial Presence and Investments

With over 100 Air Separation Units (ASUs) installed across India, Linde India is continuously expanding its footprint. The company is investing in renewable energy and setting up a 264 TPD ASU in Ludhiana to cater to increasing demand. It is a key supplier to major industries, serving clients such as TATA, SAIL, IOCL, BPCL, ONGC, and JSW, strengthening its leadership in the industrial gases sector.

### 3. Focus on Sustainability and Digitalization

Linde India is committed to reducing emissions by 35% by 2035 and increasing renewable energy adoption. It is implementing AI-driven automation to optimize operations and improve supply chain efficiency. The company is well-positioned for growth in emerging sectors like electronics, healthcare, and automotive, benefiting from India's rapid industrial and economic expansion.

## Key Highlights

### Diverse Business Segments

Linde India operates through three primary business segments: Gas and Related Products, Healthcare, and Project Engineering Division (PED). The Gas and Related Products segment serves a wide range of industries, including steel, glass, and chemicals, by supplying pipeline gases, bulk liquefied gases through cryogenic tankers, and compressed gases in cylinders for smaller industrial needs. The Healthcare segment focuses on medical and pharmaceutical gases, offering medical oxygen, synthetic air, and nitrous oxide, along with advanced medical gas distribution systems for hospitals. The PED segment specializes in designing, engineering, and constructing air separation plants and other turnkey gas projects, supporting industries that require large-scale gas infrastructure.

### Strong Revenue and Geographical Presence

Linde India's revenue primarily comes from its Gas and Related Products segment, which contributed 81% in 2020, a slight decline from 86% in 2017. The Project Engineering Division (PED) contributed 19% in 2020, marking an increase from 14% in 2017, reflecting the company's growing focus on engineering and infrastructure projects. In terms of geographical reach, the company's domestic sales have grown significantly, rising from 74% in 2017 to 85% in 2020, indicating a stronger focus on the Indian market. Conversely, export sales declined from 26% in 2017 to 15% in 2020, reflecting a strategic shift toward strengthening its domestic operations.

### Extensive Manufacturing Network and Prestigious Clientele

Linde India has a robust manufacturing footprint, operating 14 plants across multiple states, including Karnataka, Gujarat, Maharashtra, Tamil Nadu, Telangana, Haryana, Rajasthan, Odisha, Jharkhand, Uttarakhand, and West Bengal. The company undertook the refurbishment of a 1,290 tonnes per day (TPD) Air Separation Unit (ASU) in Jamshedpur, reinforcing its commitment to upgrading infrastructure. It serves some of India's largest industrial and energy companies, including HPCL, IOCL, BPCL, ONGC, GAIL, MRPL, HMEL, CPCL, Tata, SAIL, and JSW, positioning itself as a key supplier in critical sectors such as oil & gas, steel, and manufacturing.

### Joint Ventures, Strategic Divestments, and Order Book

Linde India previously operated a joint venture, Bellary Oxygen Company Private Ltd., which managed an 855 TPD Air Separation Unit in Bellary, Karnataka, under a long-term gas supply agreement with JSW Steel Ltd. In November 2021, Linde divested this asset for ₹50 crore, as part of its strategic move to optimize its business and streamline operations. As of December 31, 2020, the company's Project Engineering Division (PED) had an order book exceeding ₹1,100 crore, demonstrating strong demand for its engineering services.

### Expansion Through Acquisitions and Capital Investments

Linde India has been actively expanding through acquisitions and capital investments. On August 2, 2021, the company acquired HPS Gases Ltd. (Vadodara) for ₹27.5 crore, strengthening its presence in the packaged gases segment. This acquisition allows Linde to supply liquid products to HPS Gases and procure packaged and mini-bulk gases under a long-term contract. Additionally, the company approved a ₹29 crore capital expenditure plan to source renewable energy for its air separation plants in Taloja (Maharashtra), Dahej (Gujarat), and the under-construction plant in Sri City (Andhra Pradesh). A significant ₹152 crore investment was approved for setting up a 264 TPD Air Separation Unit in Ludhiana, aiming to enhance its gas business in North India, with operations expected to commence by December 2023.

**Quarterly Financial Consolidated**

**Profit and loss account**

**(Rs Cr)**

	<b>Dec-23</b>	<b>Mar-24</b>	<b>Jun-24</b>	<b>Sep-24</b>	<b>Dec-24</b>
<b>Sales</b>	706.24	630.07	653.23	634.42	605.86
Growth(%)	-1%	-11%	4%	-3%	-5%
<b>Expenses</b>	520.05	451.56	468.99	455.58	413.71
<b>Operating Profit</b>	186.19	178.51	184.24	178.84	192.15
Growth(%)	7%	-4%	3%	-3%	7%
<b>Other Income</b>	21.87	18.32	19.11	16.45	19.32
<b>Depreciation</b>	50.63	51.65	51.40	51.73	55.20
<b>Interest</b>	1.15	3.79	2.26	2.21	1.61
<b>Profit before tax</b>	156.28	141.39	149.69	141.35	154.66
<b>Tax</b>	39.13	37.05	38.16	36.96	40.67
<b>Net profit</b>	117.15	104.33	111.54	104.39	113.99
Growth(%)	9%	-12%	6%	-7%	8%

**Financial Consolidated**

**Profit & Loss**

**(Rs Cr)**

	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21</b>	<b>Mar-23</b>	<b>Mar-24</b>
<b>Sales</b>	1,761.79	1,471.12	2,111.96	3,135.52	2,768.67
Growth(%)	-20%	-16%	44%	48%	-12%
<b>Expenses</b>	1,347.06	1,096.29	1,564.35	2,370.68	2,066.34
<b>Operating Profit</b>	414.73	374.83	547.61	764.84	702.33
Growth(%)	27%	-10%	46%	40%	-8%
<b>Other Income</b>	861.68	43.80	348.06	108.74	77.01
<b>Depreciation</b>	177.25	176.00	181.37	252.87	200.94
<b>Interest</b>	86.25	6.24	3.05	6.29	7.27
<b>Profit before tax</b>	1,012.91	236.39	711.25	614.42	571.13
<b>Tax</b>	285.73	80.85	197.32	78.65	144.79
<b>Net profit</b>	727.18	155.54	513.94	535.77	426.34
Growth(%)	2071%	-79%	230%	4%	-20%

**Balance Sheet**

**(Rs Cr)**

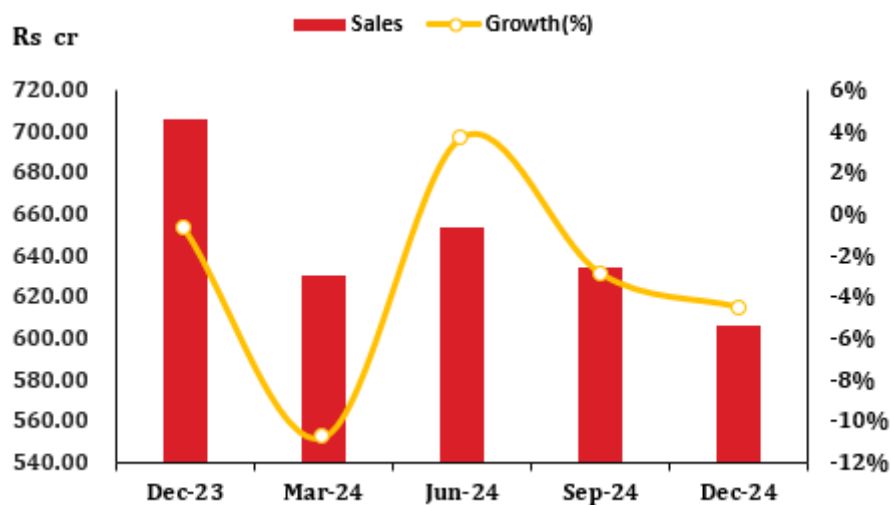
Report Date	Dec-19	Dec-20	Dec-21	Mar-23	Mar-24
Equity Share Capital	85.28	85.28	85.28	85.28	85.28
Reserves	2,051.56	2,118.44	2,605.74	3,028.66	3,349.25
Borrowings	108.47	6.90	24.29	22.05	20.69
Other Liabilities	969.50	1,048.20	1,287.39	1,246.02	1,324.50
<b>Total</b>	<b>3,214.81</b>	<b>3,258.82</b>	<b>4,002.70</b>	<b>4,382.01</b>	<b>4,779.72</b>
Net Block	2,035.14	1,989.19	1,868.55	1,762.44	1,821.54
Capital Work in Progress	52.94	17.06	68.04	225.23	483.48
Investments	0.03	2.04	2.07	16.17	26.53
Other Assets	1,126.70	1,250.53	2,064.04	2,378.17	2,448.17
<b>Total</b>	<b>3,214.81</b>	<b>3,258.82</b>	<b>4,002.70</b>	<b>4,382.01</b>	<b>4,779.72</b>

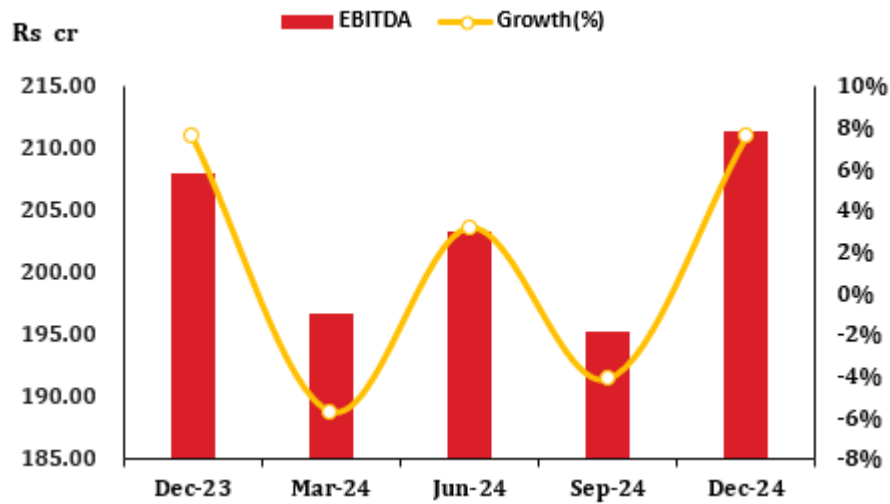
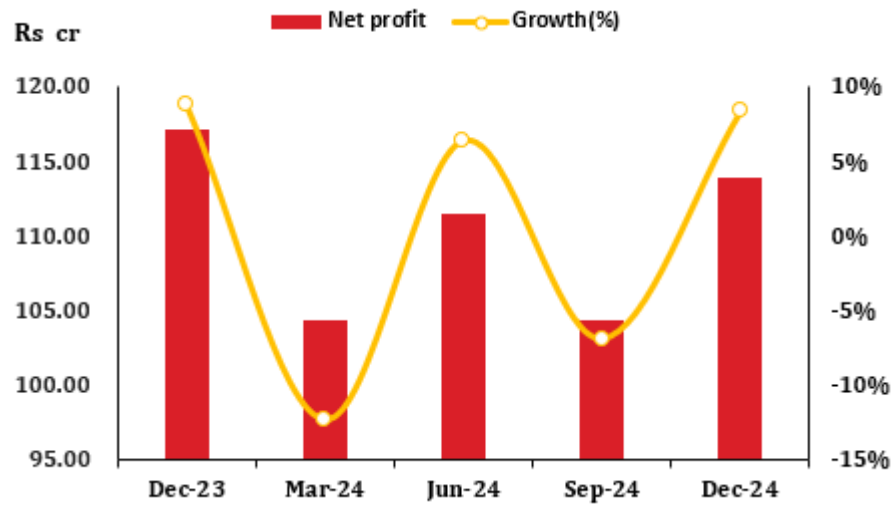
**Cash Flow**

**(Rs Cr)**

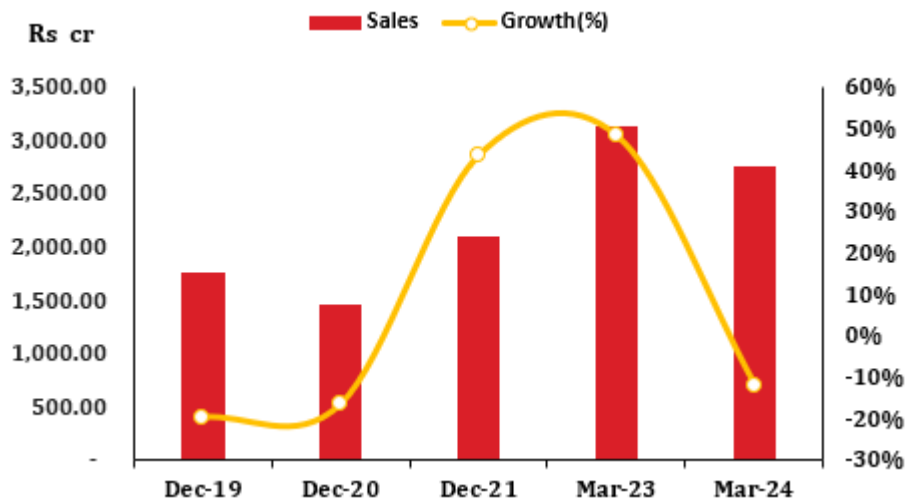
	Dec-19	Dec-20	Dec-21	Mar-23	Mar-24
Cash from Operating Activity	326.75	338.96	588.88	629.18	436.96
Cash from Investing Activity	981.29	-54.14	98.43	-306.42	-539.43
Cash from Financing Activity	-1192.58	-200.72	-28.16	-119.45	-105.32
Net Cash Flow	115.47	84.1	659.15	203.32	-207.79

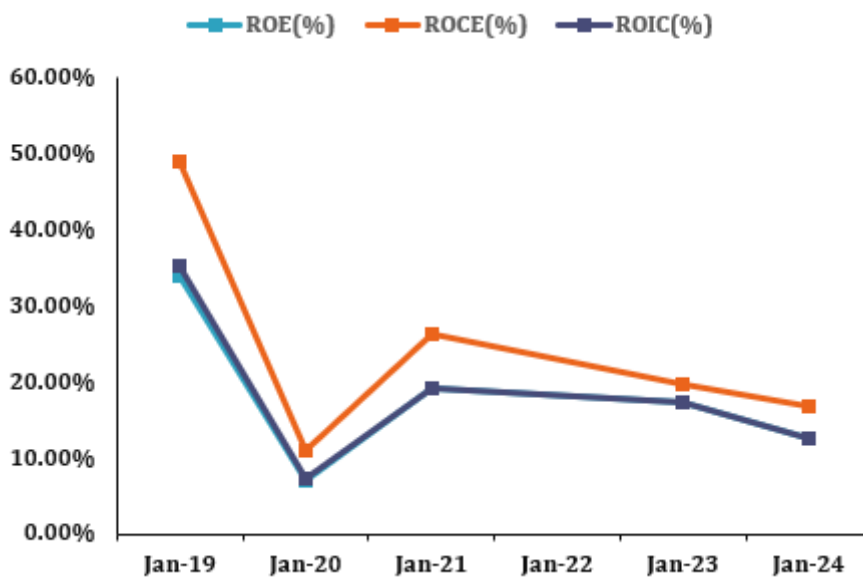
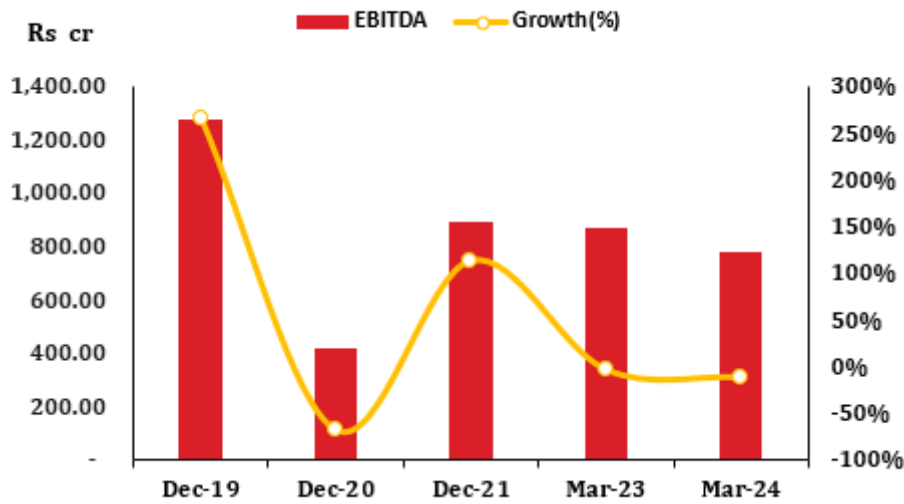
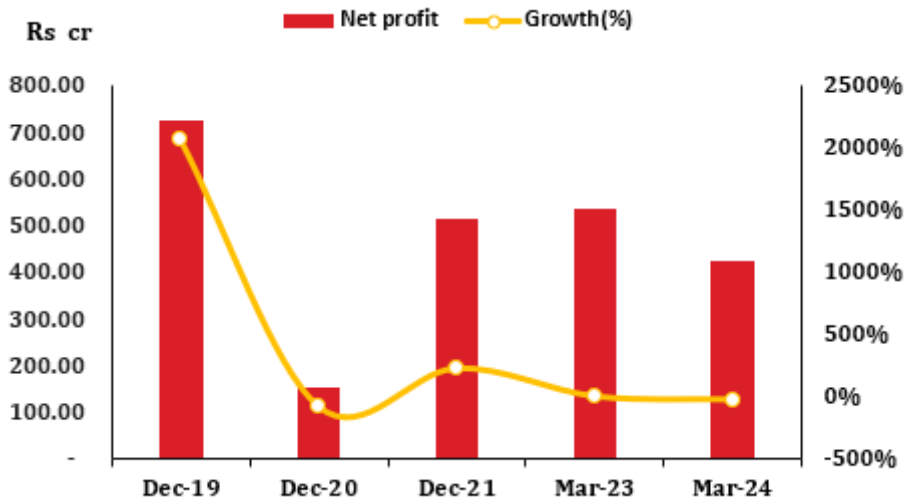
**Key Metrics: Quarterly**





**Key Metrics: Yearly**





**Key Ratio:**

<b>Leverage Ratios</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21</b>	<b>Mar-23</b>	<b>Mar-24</b>
D/E	0.05	0.00	0.01	0.01	0.01
Debt/Assets	0.03	0.00	0.01	0.01	0.00
Debt/Ebitda	0.08	0.02	0.03	0.03	0.03
Debt/Capital Ratio	5%	0%	1%	1%	1%
Cash flow/Debt	3.01	49.12	24.24	28.53	21.12
Interest coverage ratio	12.74	38.88	234.20	98.68	79.56
Sales Change	-20%	-16%	44%	48%	-12%
Ebit Change	633%	-78%	194%	-13%	-7%
Operating Leverage	-1.39	0.58	1.06	0.82	0.70
Financial Leverage	1.50	1.48	1.49	1.41	1.39

**Efficiency ratios**

Receivable days	79	101	73	47	63
Receivable turnover	4.60	3.61	4.99	7.81	5.76
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	21	16	23	31	24
Net Fixed assets turnover	0.87	0.74	1.13	1.78	1.52
Sales/capital employed	0.78	0.67	0.78	1.00	0.80
Total Asset Turnover	0.55	0.45	0.53	0.72	0.58

**Profitability ratios**

Ebitda	1276.41	418.63	895.67	873.58	779.34
Ebitda margin	72%	28%	42%	28%	28%
Gross Profit	936.63	748.53	985.92	1310.09	1287.5
Gross Profit Margin	53%	51%	47%	42%	47%
EBIT	1099.16	242.63	714.3	620.71	578.4
EBIT Margin	62%	16%	34%	20%	21%
ROE	34%	7%	19%	17%	12%
Net profit margin	41%	11%	24%	17%	15%
EPS	85.25	18.23	60.25	62.81	49.98
DU Pont ROE	34%	7%	19%	17%	12%
Net Profit Margin	41%	11%	24%	17%	15%
Sales/Total assets	0.55	0.45	0.53	0.72	0.58
Financial Leverage	1.50	1.48	1.49	1.41	1.39
DU PONT ROA	23%	5%	13%	12%	9%
Net Profit Margin	41%	11%	24%	17%	15%
Sales/Total assets	0.55	0.45	0.53	0.72	0.58

<b>Capital Allocation Ratios</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21</b>	<b>Mar-23</b>	<b>Mar-24</b>
ROCE	-2%	5%	6%	15%	12%
EBIT Margin	62%	16%	34%	20%	21%
Sales/cap employed	0.78	0.67	0.78	1.00	0.80
NOPAT	789.10	159.65	516.13	541.25	431.77
Capital employed	2245.31	2210.62	2715.31	3135.99	3455.22
ROIC	35%	7%	19%	17%	12%

<b>Valuation Ratios</b>	<b>Dec-19</b>	<b>Dec-20</b>	<b>Dec-21</b>	<b>Mar-23</b>	<b>Mar-24</b>
Price/Earnings	7.76	53.33	41.28	64.16	128.23
Price/Book	2.64	3.76	7.88	11.04	15.92
Marketcap	5,642.17	8,295.43	21,217.10	34,374.62	54,667.49
Enterprise Value	5,509.78	7,976.47	20,253.42	33,205.18	53,708.35
EV/EBITDA	4.32	19.05	22.61	38.01	68.92



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