Steamhouse India Ltd.

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IPO Note **08th September 2026**

Company Overview

Steamhouse India Limited is a Gujarat-based industrial gas company that generates and centrally distributes industrial gases, primarily steam and nitrogen, through an integrated pipeline network. The company pioneered the community boiler system in India, introduced in 2014. Its community industrial gas model enables multiple industrial customers within a cluster to source steam and gases through a centralized pipeline infrastructure, thereby reducing the need for individual customers to establish and operate their own generation facilities. This asset-light customer proposition, coupled with long-term pipeline infrastructure, creates a relatively sticky customer relationship and provides visibility to recurring demand. The company's core business comprises generation and distribution of steam, purchase and distribution of steam, and separation, compression and distribution of nitrogen. Steam generation and distribution remains the primary business, while the company has recently expanded into nitrogen distribution. Steamhouse commenced nitrogen production and supply in February 2025 and commissioned its first nitrogen project at Ankleshwar. Notably, the company is the only player in India supplying nitrogen through a distributed pipeline network rather than conventional cryogenic tanks or onsite nitrogen generation, giving it differentiated positioning in the emerging distributed industrial gas market. As of FY26, Steamhouse operated seven community steam boilers across Gujarat, comprising six owned and one leased facility, covering Vapi Phase 1, Vapi WTE, Ankleshwar Phase 1 and Phase 2, Sarigam, Nandesari and Panoli. Its facilities are strategically located close to industrial clusters and ports, enabling efficient supply through pipeline infrastructure. The company also purchases steam from third-party generators at certain locations. It distributes it through its own pipeline network, allowing it to expand its customer base without necessarily requiring equivalent investment in generation capacity.

Objects of the issue

The net proceeds from the fresh issue will be used towards the following purposes:

- ⇒ Repayment and / or pre-payment, in full or part, of certain borrowings availed by the company;
- ⇒ Funding capital expenditure requirements for augmenting infrastructure development of company towards (i) capacity expansion of the Ankleshwar Facility (Phase 3) and (ii) capacity expansion of the Panoli Facility (Phase 2);
- ⇒ General corporate purposes.

Investment Rationale

Leading market position, offering customers an energy-efficient solution across industries with high growth potential

Steamhouse India has established a differentiated position in the industrial gas market through its community-based centralized generation and pipeline distribution model, offering customers an energy-efficient alternative to individual gas-generation infrastructure. The company generates and distributes industrial gases, primarily steam and nitrogen, from centralized facilities to multiple industrial customers through an integrated pipeline network. This model enables customers to outsource industrial gas generation and distribution, reducing the need for individual generation assets and associated maintenance and operating requirements. Industrial gases are critical inputs across several large-scale industries, including pharmaceuticals, chemicals and textiles, where uninterrupted availability is essential for production efficiency and operational stability. The company believes that the increasing industrialization and expansion of India's manufacturing sector, coupled with the need for efficient energy management, could support greater adoption of centralized industrial gas generation and pipeline-based distribution. As of FY26, cylinder-based supply accounted for 41.5% of India's industrial gas demand (excluding steam) by value, indicating a meaningful opportunity for alternative distribution models such as pipelines. The industrial steam market also presents a sizeable and growing addressable opportunity. According to Frost & Sullivan, India's total process steam demand stood at approximately 203,472 TPH in FY26 and is projected to grow at a CAGR of 9.4% during FY26-FY31. The increasing scale and complexity of process industries, coupled with the operational challenges of owning and maintaining individual boiler infrastructure, are driving industries toward centralized generation and distribution solutions. The company's community industrial gas model addresses these requirements by centralizing generation infrastructure and distributing steam and gases through dedicated pipelines, enabling shared infrastructure, streamlined operations and potentially improved energy efficiency for customers. The model also allows deeper penetration within existing industrial clusters, as new customers can connect to an established distribution network.

Issue Details

Offer Period	09th Sept, 2026 - 11th Sept, 2026
Price Band	Rs. 77 to Rs. 81
Bid Lot	185
Listing	BSE, NSE
Issue Size (no. of shares in Crs)	5.11
Issue Size (Rs. in bn)	4.14
Face Value (Rs.)	2

Issue Structure

QIB	50%
NIB	15%
Retail	35%
BRLM	Equirus Capital Ltd.
Registrar	KFin Technologies Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	96.59	78.63
Public	3.41	21.37
Total	**100.00**	**100.00**

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

High barriers to entry supported by established pipeline infrastructure and technological capabilities

The company has established a differentiated position in the community-based industrial gas distribution market, with its promoters pioneering the community boiler system in India in 2014. The company has built a strong presence across industrial clusters by developing an exclusive pipeline network connecting centralized generation facilities with customers. Limited space for laying additional pipelines within established industrial clusters creates a structural entry barrier, as new players may find it challenging to establish competing distribution infrastructure. The company's operating experience and technology-enabled monitoring capabilities further strengthen its competitive positioning. The company has developed expertise in distributing industrial gases while minimizing pressure and temperature losses, and uses SCADA systems, steam traps, auto valves, and flow meters for real-time network monitoring. The company also leverages third-party technology platforms to collect and analyze data from sensors and electrical panels, supported by its proprietary API and SQL database. These systems enable closer monitoring of production and consumption, helping reduce the gap between customer requirements and actual output while improving operational efficiency, safety and reliability. The established pipeline infrastructure also creates customer stickiness. New entrants would need to identify viable routes to connect customers away from generation facilities while minimizing transmission losses and overcoming limited space for new pipelines. These factors, coupled with Steamhouse's operating experience, established customer connectivity and technology-enabled infrastructure, create meaningful barriers to entry and could support the company's competitive position across existing industrial clusters.

Valuation

Steamhouse India Limited operates an innovative energy utility model centered on non-conventional centralized boiler facilities and closed-loop steam distribution pipelines across major industrial hubs in Gujarat (such as Ankleshwar, Panoli, Nandesari, and Dahej), enabling chemical, pharmaceutical, and textile clients to substitute decentralized, high-emission boilers with lower-cost, sustainable process steam. Strategically, the company is leveraging its first-mover advantage to scale operational steam capacity, expanding from 315 TPH in FY24 to planned sites like Dahej Phase 2, while diversifying into high-margin utility adjacencies including pipeline-distributed industrial nitrogen, compressed instrument air, and prospective public-private partnerships in clean power generation. Positioned to benefit from the structural growth in industrial energy and utility solutions, supported by increasingly stringent environmental regulations, carbon-neutrality targets and rising industrial energy demand across India's manufacturing corridors, led by the accelerating shift toward cleaner, more efficient and reliable energy solutions. On the financial front, Steamhouse's performance reflects sustained growth momentum, with Revenue, EBITDA, and PAT expanding at a CAGR of ~29.9%, ~10.5%, and ~22.0%, respectively, over FY24-FY26, driven by expansion of its centralized steam distribution infrastructure. Looking ahead, the company's growth trajectory will be largely driven by the effective deployment of IPO proceeds, with a significant portion of the fresh equity expected to be used for deleveraging and pipeline expansion. Lower debt levels should provide greater financial flexibility, while incremental infrastructure additions are expected to enhance network utilization, operating leverage, and the margin profile over the medium term. At the upper price band, the issue commands an implied P/E valuation of over 57x FY26 earnings, indicating that a substantial portion of the near-term growth potential is already reflected in the valuation. Nevertheless, the company's sticky long-term B2B customer relationships, entry barriers from its centralized utility distribution network, and favourable environmental tailwinds provide a strong structural growth opportunity. **We, thus, recommend a subscribe rating with a long-term investment horizon.**

Key Risks

⇒ The company's largest customer contributed 18.4% of FY26 revenue, while the top 10 customers accounted for 47.9%. Any loss of key customers, reduction in purchases or lower repeat orders could materially impact revenue and cash flows.

⇒ The company's steam generation, distribution and nitrogen facilities are concentrated in Gujarat, while several raw material suppliers are also located in the state. Any significant natural calamity, social disruption, regulatory issue or other regional disruption could adversely affect operations.

⇒ The company is undertaking substantial capacity additions, but certain equipment and machinery orders are yet to be placed. Delays in procurement, approvals, construction or commissioning could postpone the deployment of IPO proceeds and expected revenue benefits.

Steamhouse India Ltd.

Income Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Revenue			
Revenue from operations	292	395	492
Total revenue	**292**	**395**	**492**
Expenses			
Cost of Material Consumed	177	153	160
Purchase of Stock in Trade	2	132	195
Changes in the inventories	0	-1	1
Employee benefits expense	8	10	13
Other Expenses	36	32	39
Total operating expenses	**223**	**326**	**408**
EBITDA	**68**	**69**	**83**
Depreciation and amortization expense	8	12	14
EBIT	**61**	**58**	**70**
Finance costs	19	22	22
Other Income	1	3	3
Profit before exceptional Items and tax	**43**	**39**	**51**
Exceptional items	0	0	0
PBT	**43**	**39**	**51**
Tax Expense	16	8	13
Net Profit	**27**	**31**	**39**
Diluted EPS	1.2	1.4	1.7

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Cash Flow from operating activities	21	107	100
Cash flow from investing activities	-126	-123	-145
Cash flow from financing activities	104	12	48
Net increase/(decrease) in cash and cash equivalents	**-1**	**-4**	**4**
Cash and cash equivalents at the beginning of the period	**-15**	**-16**	**-20**
Cash and cash equivalents at the end of the period	**-16**	**-20**	**-16**

Source: RHP, BP Equities Research

Steamhouse India Ltd.

Balance Sheet (Rs. in crores)

Particulars	FY24	FY25	FY26
Assets			
Non-Current Assets			
Property, plant and equipment	172	214	285
Capital Work in progress	64	115	158
Rights-of-Use Assets	37	73	79
Intangible assets	1	1	1
Intangible Assets Under Development	0	0	7
Financial assets			
(i) Investments	0	0	0
(ii) Other financial assets	6	12	11
Other Non-Current Assets	23	14	18
Total Non-Current Assets	**303**	**429**	**557**
Current Assets			
Inventories	46	46	41
Financial Assets			
(i) Trade receivables	23	30	39
(ii) Cash and cash equivalents	1	2	0
(iii) Bank Balances other than (ii) above	18	6	10
(iv) Other Financial Assets	2	2	9
Loans	0	0	0
Other current assets	29	29	22
Total Current Assets	**120**	**115**	**122**
Total Assets	**422**	**544**	**679**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	45	45	45
Other equity	58	87	128
Total Equity	**104**	**132**	**173**
Liabilities			
Non-Current Liabilities			
Financial liabilities			
Borrowings	98	99	99
Lease Liabilities	22	41	43
Other financial liabilities	8	8	11
Deferred Tax Liabilities (Net)	12	13	17
ROU Liability	0	0	0
Total Non-Current Liabilities	**140**	**161**	**170**
Current Liabilities			
Financial liabilities			
(i) Borrowings	105	124	182
(ii) lease liabilities	5	8	10
(ii) Trade payables	36	78	93
Other Financial Liabilities	8	3	5
Other current liabilities	14	29	36
Provisions	1	2	2
Income tax liabilities (net)	9	6	7
Total Current Liabilities	**179**	**250**	**337**
Total Liabilities	**319**	**411**	**507**
Total Equity and Liabilities	**422**	**544**	**679**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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