Issue Highlights

Industry	Fluorochemicals
Offer for sale (Shares)	43,02,656
Fresh Issue (Shares)	1,78,58,740
Net Offer to the Public	2,21,61,396
Issue Size (Rs. Cr.)	188-199.45
Price Band (Rs.)	85-90
Offer Date	16-Jan-25
Close Date	20-Jan-25
Face Value	10
Lot Size	165

Issue Composition

	In shares
Total Issue for Sale	2,21,61,396
QIB	1,10,80,698
NIB	77,56,489
Retail	33,24,209

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	94.63%	67.90%
QIB	0.00%	13.97%
NIB	5.37%	13.94%
Retail	0.00%	4.19%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Book Running Lead Manager

- Sarthi Capital Advisors Private Limited

Name of the registrar

- Bigshare Services Private Limited

About the company

Incorporated in 2002, Stallion India Fluorochemicals Limited is engaged in the business of selling Refrigerant and Industrial Gases and related products. The company's primary business includes debulking, blending and processing Refrigerant and Industrial gases, and selling of pre-filled cans and small Cylinders/ Containers. The company has four Plants in Khalapur, Raigad (Maharashtra), Ghiloth, Alwar (Rajasthan), Manesar, Gurugram (Haryana) and Panvel, Raigad (Maharashtra). Stallion India Fluorochemicals Limited (Stallion) deals in gases that are broadly classified as Fluorochemicals. They are majorly used as refrigerants. Stallion's products such as gases are used in various industries, including semiconductor manufacturing, automotive, electronics, pharmaceuticals, healthcare, fire extinguishers, spray foam, glass bottle making, and aerosol production.

Strength

Strong Market Recognition: Stallion India Fluorochemicals Limited markets its products under the brand name “Stallion.” With over two decades in the industry and promoters boasting more than three decades of experience, the company has established a strong presence in the refrigerant gases sector. This market recognition distinguishes it from competitors. Key contributors to this reputation include competitive pricing, product quality, innovation, reliability, customer service, and effective marketing. Strong market recognition is critical for creating customer loyalty, attracting new clients, and maintaining a positive perception of the company and its products. This leads to increased sales and revenue by reinforcing the company’s position in the market.

Business Model and Operational Risk Mitigation: Stallion India Fluorochemicals Limited emphasizes operational efficiency, timely deliveries, and stringent quality control as its core competitive advantages. These factors have been pivotal in fostering strong industry relationships and driving growth. The company’s operating cash flow before working capital changes was reported Rs. 26.30 crore (September 2024), Rs. 26.51 crore (Fiscal 2024), Rs. 19.52 crore (Fiscal 2023) and Rs. 32.13 crore (Fiscal 2022). These figures highlight the company's consistent financial performance and its ability to adapt to operational challenges effectively.

Customer Base and Long-Standing Relationships: Stallion India caters to a diverse range of industries, including air conditioners, refrigerators, fire fighting, semiconductor manufacturing, automobiles, pharmaceuticals, glass bottle production, aerosols, and spray foam. This diversified customer base mitigates risks associated with over-reliance on a single market or sector, ensuring adaptability to market fluctuations and economic changes. The company’s long-term relationships with customers are built on trust, reliability, and consistent value delivery, resulting in repeat business and referrals. The revenue contribution from the top ten customers was 77.32% (September 2024), 75.69% (Fiscal 2024), 74.77% (Fiscal 2023) and 72.88% (Fiscal 2022). These figures underscore the strength and reliability of its client relationships.

Plants: Stallion India operates four plants located in Khalapur (Raigad, Maharashtra), Ghiloth (Alwar, Rajasthan), Manesar (Gurugram, Haryana), and Panvel (Raigad, Maharashtra). These facilities comply with stringent safety standards and focus on the regulated storage of gases. The Ghiloth and Manesar plants were established to meet the rising demand in North India, optimizing logistical efficiency and production processes. The Khalapur facility is the primary site for bending activities, ensuring proximity to key markets and suppliers. The company’s supply chain strategy prioritizes uninterrupted material flow, maintaining precision, quality, and reliability. With robust quality control measures, Stallion

ensures that its products meet the highest industry standards, enhancing its competitive edge and responsiveness to market demands.

Track record of consistent financial performance: The Company has been delivering consistent financial performance, despite the impact of the COVID-19 pandemic on our business operations. In period ended September 30, 2024 and Fiscal 2024, 2023 and 2022 our revenue from operations were Rs. 140.73 crore, Rs. 233 crore, Rs. 225.50 crore and Rs. 185.88 crore, respectively. Stallion India Fluorochemicals Limited has witnessed consistent improvement in our balance sheet position in the last Fiscal.

Strategy

Geographical Expansion and Product Optimization: Stallion India Fluorochemicals Limited is committed to broadening its product portfolio and operational footprint. By introducing new products that complement its existing offerings and operations, the company demonstrates a strategic approach to diversification. The proposed HFO debulking and HFO/HFC blending facility at Mambattu exemplifies this vision. Additionally, Stallion India Fluorochemicals Limited is focused on extending its facilities to key domestic markets, capturing demand from various industry clusters in these regions. This geographical expansion not only strengthens market presence but also enhances revenue streams through optimized utilization of processing facilities, driving increased cash flow and operational efficiency.

A Trusted Partner for Quality, Innovation, and Growth: Stallion India Fluorochemicals Limited serves a wide range of industries, including air conditioning, cold chain, firefighting, pharmaceuticals, electricity transmission and distribution, automotive manufacturing, and consumer goods. Its unwavering commitment to innovation ensures that it remains at the forefront of industry advancements, delivering cutting-edge solutions that meet evolving customer needs. Over the years, the company has built long-lasting relationships and trust with its clientele, earning recognition for its product quality and reliability. With a focus on offering high-value, cost-effective solutions, Stallion India Fluorochemicals Limited goes beyond delivering products, providing comprehensive solutions that drive customer satisfaction and growth.

Focused Innovation and Advanced Technology Integration: Building on its expertise in complex chemical engineering, Stallion India Fluorochemicals Limited continues to expand its product line by introducing high-value derivatives and new gas offerings. The company aims to align its innovations with growing demand, particularly in sectors influenced by initiatives like Make in India, such as semiconductors, electronics, defense manufacturing, and pharmaceutical equipment. Its commitment to environmental sustainability is reflected in the addition of eco-friendly products like HFOs and specialty gases, which are globally recognized for their minimal environmental impact and broad industrial applications.

Customer-Centric Relationship Management: In the competitive gas industry, fostering strong customer relationships is critical. Stallion India Fluorochemicals Limited prioritizes an effective Customer Relationship Management (CRM) strategy to understand and meet customer needs, ensuring satisfaction and retention. By implementing this robust CRM approach, the company positions itself as a trusted industry partner, achieving higher customer loyalty, increased lifetime value, and a sustainable competitive edge in the dynamic refrigerant and specialty gas market.

Risk factor

- Its revenue from operations depends on sale of Refrigerant Gases and is restricted to certain geographies only.
- Increases in the cost of raw materials as a percentage of its revenue from operations could have a material adverse effect on its results of operations and financial condition.
- It imports its raw materials with respect to its business operations majorly from China. Any restrictions on import of raw materials may impact its business and results of operations.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
SRF	13236.24	1129.28	38.10	65.87	6.20	404.70	10.00	2509.80	74396.70
Navin Fluo.Intl.	2144.31	258.41	43.66	83.25	7.30	497.94	2.00	3634.80	18027.07
Gujarat Fluoroch	4488.74	410.09	37.33	98.22	6.56	558.85	1.00	3666.60	40277.60
Stallion India Fluorochemicals Limited	281.46	33.13	4.18	21.55	2.29	39.31	10.00	90.00	713.93

***Peer companies financials are TTM based**
****Stallion India Fluorochemicals Limited financials are based on an Estimated Annualised FY25**

Valuation:

Considering the P/E valuation, on the upper end of the price band of Rs.90, the stock is priced at pre issue P/E of 16.70 x on an Estimated Annualised FY25 EPS of Rs.5.39. Post issue, the stock is priced at a P/E of 21.55x on its EPS of Rs. 4.18. Looking at the P/B ratio at Rs.90 pre issue, book value of Rs. 24.58 of P/Bvx 3.66x. Post issue, book value of Rs.39.31 of P/Bvx 2.29x.

Considering the P/E valuation, on the lower end of the price band of Rs.85, the stock is priced at pre issue P/E of 15.77 x on an Estimated Annualised FY25 EPS of Rs.5.39. Post issue, the stock is priced at a P/E of 20.35x on its EPS of Rs. 4.18. Looking at the P/B ratio at Rs.85 pre issue, book value of Rs. 24.58 of P/Bvx 3.46x. Post issue, book value of Rs.39.31 of P/Bvx 2.16x.

Industry Overview

The Indian Fluorochemicals and Specialty Gases market is set to grow at a CAGR of 16-18% from 2024 to 2029, reaching $675-725 million. Key drivers include rising demand from electronics, healthcare, and manufacturing sectors. Fluorochemicals and specialty gases are crucial for applications like PCBs, semiconductor manufacturing, and medical processes. The "Make in India" initiative is boosting domestic production and foreign investment, especially in electronics. Growth is further supported by infrastructure projects and technological advancements. Its focus should be on innovation and efficiency to leverage these opportunities amid challenges like environmental regulations and competition.

Outlook

The company specializes in a diverse range of refrigerant and industrial gases, having established a strong position in the market through its commitment to quality and cost-effective products. With a strategic focus on expanding its portfolio to include high-margin offerings, the management is optimistic about achieving improved earnings in the future. However, the company relies heavily on importing raw materials, primarily from China, to support its business operations. Any restrictions on these imports could significantly affect its business performance and operational results. For long-term investors, the company presents a potential investment opportunity, given its growth-oriented approach and market positioning.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
IPO Open Date	Thursday, January 16, 2025
IPO Close Date	Monday, January 20, 2025
Basis of Allotment	Tuesday, January 21, 2025
Initiation of Refunds	Wednesday, January 22, 2025
Credit of Shares to Demat	Wednesday, January 22, 2025
Listing Date	Thursday, January 23, 2025

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Sep-24 (6 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	140.73	233.24	225.50
Total expenditure	115.99	209.52	210.46
Operating Profit	**24.74**	**23.71**	**15.04**
OPM%	1.76	1.02	0.67
Other Income	0.80	2.99	0.56
PBDIT	**25.54**	**26.70**	**15.60**
Depreciation	0.58	1.11	1.54
PBIT	**24.96**	**25.59**	**14.06**
Interest	2.49	4.32	1.09
Profit BeforeTax	22.47	21.27	12.97
Tax	5.91	6.48	3.22
PAT	**16.57**	**14.79**	**9.75**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Jun-24	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Property, plant and equipment	16.81	13.72	12.88
Deferred tax assets (net)	0.75	0.74	0.75
Income tax assets (net)	0.35	3.13	3.68
Other non-current assets	0.00	0.00	0.01
Total Non Current Assets	**17.91**	**17.60**	**17.31**
Current assets			
Inventories	107.45	90.96	41.60
Financial Assets			
Trade receivables	76.34	71.04	42.40
Cash and cash equivalents	22.19	16.14	1.01
Bank balances other than (iii) above	0.65	0.93	14.28
Others Financial Assets	0.04	0.04	0.00
Other Current Assets	11.11	6.44	9.59
Total current assets	**217.78**	**185.54**	**108.87**
Total Assets	**235.69**	**203.14**	**126.18**
Non-current liabilities			
Provisions	0.33	0.30	0.27
Lease liabilities	0.00	0.00	0.00
Total non-current liabilities	**0.33**	**0.30**	**0.27**
Current liabilities			
Financial liabilities			
Borrowings	81.05	65.35	18.27
Trade payables - MSME	0.01	0.01	0.03
Trade payables - other than MSME	7.03	3.73	23.80
Other current liabilities	1.86	1.67	0.31
Provisions	10.53	10.47	10.33
Current Tax Liabilities (Net)	0.35	3.64	2.47
Total current liabilities	**100.83**	**84.87**	**55.21**
Total	**101.16**	**85.18**	**55.48**
Net worth represented by:			
Equity Share Capital	61.47	61.47	55.13
Other equity	73.07	56.50	15.58
Net Worth	**134.53**	**117.96**	**70.70**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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