

## RATING

Business	★★★★★
Financials	★★★★★
Valuation	★★★★★
Management	★★★★★

Ranking 1 to 5, denoting lowest and 5 highest



**FIN2RESEARCH**  
Investment Advisor Pvt. Ltd.

## IPO : STALLION INDIA FLUOROCHEMICAL



Date : 20-01-2025

Recommendation : Buy For Listing Gain (Expected Return: 45%-50%)

(Note: All the information and data in this report is from RHP)

Total Issue Size : ₹199.45 Cr	Fresh Issue : ₹160.73 Cr	Offer for Sale : ₹38.72 Cr
Price Band : ₹85 to ₹90	IPO Date : 16 Jan - 20 Jan	Listing Date : 23 Jan

**About Company :** Incorporated in 2002, Stallion India Fluorochemicals Limited is engaged in the business of selling refrigerant and industrial gases, along with related products. The company's core operations include debulking, blending, and processing refrigerant and industrial gases, as well as the sale of pre-filled cans and small cylinders/containers.

Stallion operates four plants located in Khalapur, Raigad (Maharashtra), Ghiloth, Alwar (Rajasthan), Manesar, Gurugram (Haryana), and Panvel, Raigad (Maharashtra).

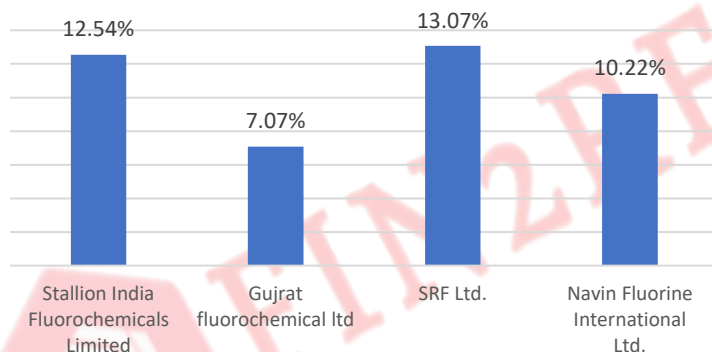
The company specializes in gases, primarily classified as fluorochemicals, which are predominantly used as refrigerants. Stallion's products find applications across various industries, including semiconductor manufacturing, automotive, electronics, pharmaceuticals, healthcare, fire extinguishers, spray foam, glass bottle making, and aerosol production.

## SWOT ANALYSIS

### STRENGTHS:

Companies in the fluorochemicals and gases industry typically possess advanced chemical expertise, enabling them to develop and produce specialized products. The industry has high entry barriers due to the specialized knowledge, technology, and infrastructure required, which reduces the threat of new entrants. Adherence to strict safety and environmental regulations is a key strength, ensuring responsible business practices and minimizing legal and reputational risks. Furthermore, many companies in this industry operate on a global scale, focusing heavily on exports, which allows them to reach a broad customer base and diversify their markets.

#### Second Largest RoE% in Listed Peers



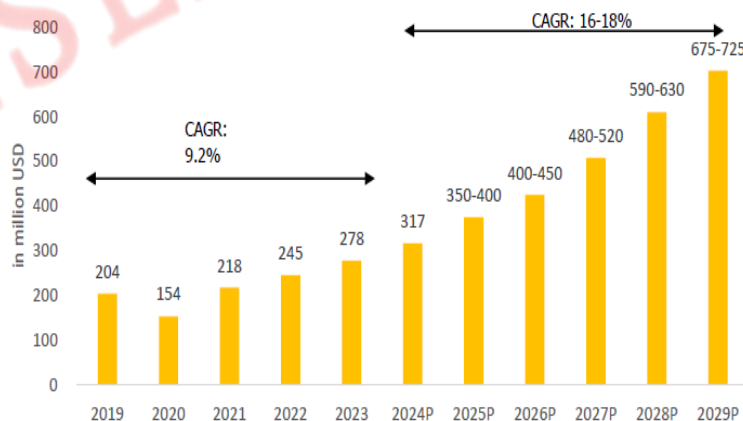
### WEAKNESSES:

The company faces several risks, including technological risks due to its reliance on advanced technologies, which can become a weakness if there are technological failures or difficulties in keeping pace with rapid advancements. The industry also experiences supply chain constraints, as its dependence on a complex global supply chain makes it vulnerable to disruptions such as geopolitical events or natural disasters. Additionally, companies in this sector are exposed to fluctuations in the prices and availability of raw materials required for production. Market volatility, driven by economic downturns or changes in market demand, can adversely affect profitability and stability. A significant portion of the company's revenue is derived from the sale of refrigerant gases, which accounted for 87.34%, 81.85%, 83.63%, and 95.89% of total revenue from sales of products for the periods ending September 30, 2024, and for Fiscal 2024, 2023, and 2022, respectively.

### OPPORTUNITIES:

The company has significant opportunities for growth in emerging markets, where the demand for fluorochemicals and specialty gases is increasing. It can also explore the diversification of its product portfolio to meet the evolving needs of customers and expand its market share. Additionally, there are prospects in developing environmentally friendly or green technologies to address growing concerns about sustainability. Strategic partnerships with other industries or research institutions could foster innovation and open new avenues for growth, enabling the company to stay competitive and tap into new market opportunities.

#### India Fluorochemicals & Specialty Gases Market Size



### THREATS:

The company faces several potential threats that could impact its operations and profitability. One such threat is regulatory changes, where the inability to quickly adapt to shifts in environmental or safety regulations could pose significant challenges. As the industry is heavily regulated, failure to comply with evolving standards can lead to operational disruptions, legal penalties, and reputational damage. Additionally, the company operates in a highly competitive market, and intense competition within the industry could lead to price wars, which might reduce profit margins and erode market share. Furthermore, the development of substitute products or alternative technologies, such as more sustainable refrigerants or innovative materials, could pose a significant threat to traditional fluorochemicals and specialty gases.

## Objectives of the Issue :

The net proceeds of the Fresh Issue:

- Funding incremental working capital requirements of the Company.
- Funding capital expenditure requirements for our Semi-conductor & Specialty Gas debulking & blending facility ("Khalapur, Maharashtra").
- Funding capital expenditure requirements for our Refrigerant debulking & blending facility ("Mambattu, Andhra Pradesh").
- General Corporate Purposes.

## KEY HIGHLIGHTS:

### Fluorochemicals and Refrigerant Gases

The company deals in gases classified as fluorochemicals, primarily used as refrigerants. These gases include Hydrocarbons (HC), Hydrofluorocarbons (HFCs), and Hydrofluoroolefins (HFOs). Fluorochemicals are organic or inorganic compounds containing fluorine atoms, widely used in refrigeration, foam blowing, heat pumps, and solvents. Fluorocarbons, one of the largest segments of the global fluorochemicals market, include Hydrochlorofluorocarbons (HCFCs), which are being phased out due to their ozone depletion and global warming potential. HFCs, developed to replace CFCs and HCFCs, have zero ozone depletion potential but high global warming potential. HFOs, as fourth-generation refrigerants, offer a more environmentally friendly alternative with zero ozone depletion and low global warming potential compared to HFCs.

### Revenue Contribution from Top Customers and Segment Breakdown

The combined revenue contribution from the company's top ten customers, considered on a standalone basis, for the six months ending September 30, 2023, and for the fiscal years 2023, 2022, and 2021, stood at 89.28%, 74.77%, 72.88%, and 72.11%, respectively. The majority of the company's revenue is generated from the refrigerant segment, which accounts for over 85% of the total revenue as of the end of Q2FY25.

### Competitive Landscape and Key Competitors

The company operates in a highly competitive market and faces competition from established players such as SRF Limited, Gujarat Fluorochemicals Limited, and Navin Fluorine International Limited. Some of these competitors are larger in scale, with greater financial resources, manufacturing capabilities, research and development facilities, and other assets. As a result, they possess more extensive product portfolios, larger sales teams, intellectual property assets, and a broader market presence across multiple divisions.

### Market Growth and Forecast

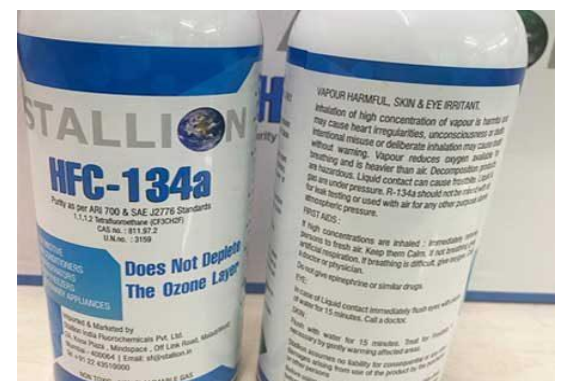
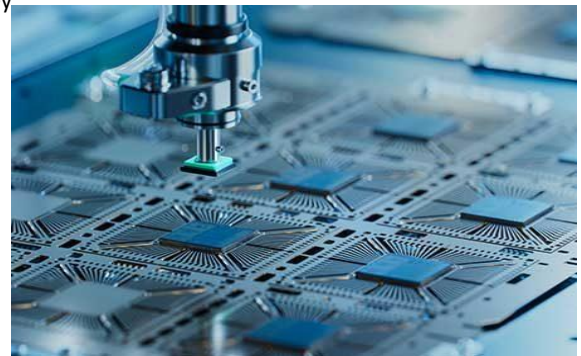
The market for fluorochemicals and specialty gases has been experiencing growth and is projected to continue expanding at a CAGR of 10.3%, from USD 10,963 million in 2024 to USD 16,223 million in 2028. This growth is primarily driven by the increasing population and rapid urbanization. The automotive industry stands as the leading user segment for fluorochemicals by application.

### Business model and ability to mitigate operational risk

The company considers their competitive advantages to lie in operational efficiency, facilitating timely deliveries and maintaining quality control measures. These factors have been instrumental in developing relationships within the industry, resulting in significant growth in their operations.

## Valuation and Investment Recommendation

Stallion India Fluorochemicals, operating in the refrigerant and industrial gas segment, reported a 3% increase in sales to Rs 233.24 crore for FY2024, with operating profit rising by 58% to Rs 23.71 crore. The company achieved a 10.2% operating profit margin, with net profit growing by 52% to Rs 14.79 crore. It is priced at a P/E of 48.3 based on FY24 earnings, offering an attractive valuation compared to peers like Navin Fluorine (P/E of 68.2), SRF (P/E of 55.3), and Gujarat Fluorochemicals (P/E of 98.1). With a 10% market share and a strong position in the fluorochemicals industry, Stallion has significant growth potential due to its strategic approach and planned capital expenditure, supported by favorable industry trends and scalability.





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## COMPANY OVERVIEW

Stallion India, a Mumbai-based company incorporated on September 5, 2002, was founded by Shazad Sheriar Rustomji, who currently serves as the Chairman & Managing Director and is also a Promoter of the Company. Stallion India specializes in the sale of refrigerants, industrial gases, and related products. Their core operations include debulking, blending, and processing gases, as well as offering pre-filled cans and small cylinders/containers.

The Company operates four state-of-the-art facilities located in Khalapur (Maharashtra), Ghiloth (Rajasthan), Manesar (Haryana), and Panvel (Maharashtra). Each facility is designed to store gases in controlled environments, strictly adhering to safety standards.

Stallion India's products serve diverse industries, including air conditioning and refrigeration, firefighting, semiconductor manufacturing, automotive, pharmaceuticals and medicals, glass bottle production, aerosols, and spray foams. With over two decades of expertise in fluorochemicals debulking, bottling, and distribution, the Company excels in blending multiple gases to create innovative refrigerant formulations tailored to meet industry demands.

The company operates four strategically located processing facilities in Khalapur (Maharashtra), Ghiloth (Rajasthan), Manesar (Haryana), and Panvel (Maharashtra), optimizing efficiency and accessibility. These facilities ensure the safe storage and blending of refrigerant gases while adhering to stringent safety standards. The core process involves debulking refrigerants from tankers into bulk storage tanks, followed by thorough laboratory testing, and filling new and existing cylinders with high-purity refrigerant gases. The company ensures zero contamination during the filling process, maintaining product integrity and quality. Finished products undergo rigorous testing, with each cylinder receiving an individual Certificate of Analysis. The capacity utilization of the plants varies seasonally, with higher demand for refrigerants in the summer months (February to May/June), leading to peak capacity, while medium demand occurs from September to November, and lower sales volumes are seen from December to January and June to August. As a result, the overall annual capacity utilization averages at a lower level.

The company continues to focus on innovation by leveraging its expertise in complex chemicals and engineering. The company aims to expand its product lineup by introducing value-added products that complement its core offerings. Additionally, Stallion plans to incorporate new types of gases into its portfolio. The new refrigerant and gas products will align with existing materials and processes to ensure seamless integration. With growing demand from industries such as semiconductors, electronics, defense manufacturing, and pharma equipment, fueled by initiatives like Make in India, the company is prioritizing the addition of environmentally friendly gases like HFOs and specialty gases, which are increasingly accepted across industries worldwide.

## Revenue Generation from Gases

(₹ In lakhs)

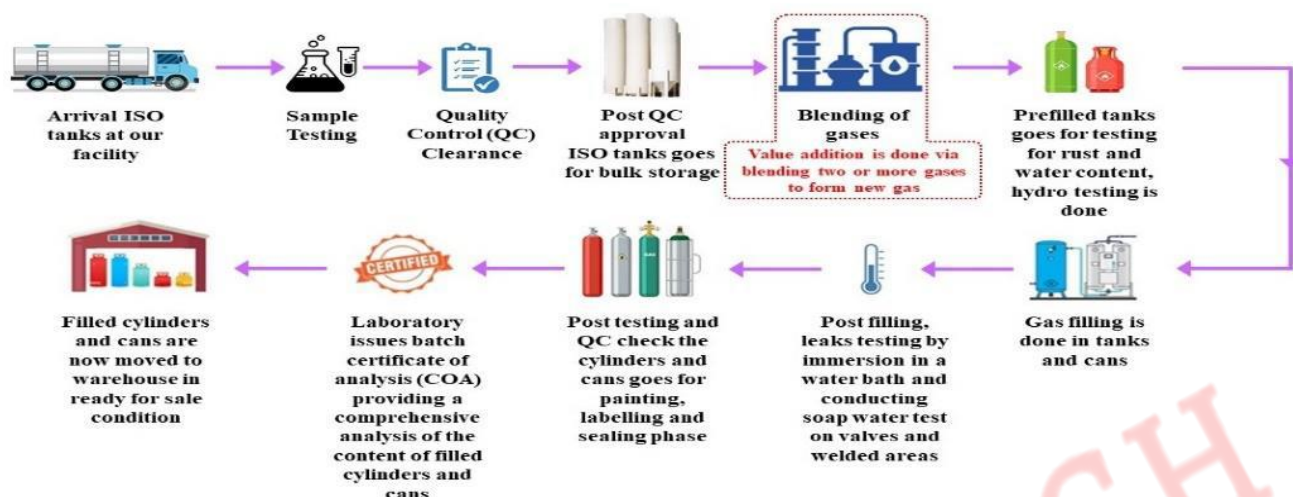
Product Name	30-Sep-24	31-Mar-24	31-Mar-23	31-Mar-22
R32	1851.12	7539.23	11,568.91	8,671.18
R152a	1414.41	2450.07	2,175.97	2,638.38
R410a	1512.51	1763.03	1,599.36	3,134.19
R134a	449.96	1732.2	1,511.86	650.58
SF6	3639.81	2736.7	63.23	41.38
R404a	667.01	499.12	221.46	848.1
R407c	123.76	155.88	325.51	688.3
R245fa	985.9	498.1	285	25.92
R-1234YF	234.11	435.1	369.31	276.01
R 227ea	169.6	126.24	-	256
R1234ZE	418.78	167.8	153.02	-
R 1233ZD	51.22	107.86	104.65	20.32
R23	53.93	126.15	16.2	61.34
R-508B	31.83	42.67	27.56	85.56
R 507	54.37	34.42	7.35	24.78
R-407F	-	-	-	8.78
CF4	-	6.48	0.44	-



## Processing/ Blending of Gases and Pre filled cans

Stallion India specializes in the processing and blending of refrigerant and industrial gases, leveraging its expertise in handling raw materials and executing intricate processes.

The detailed process flow of each operation is outlined below:



The company follows a rigorous process for the handling, blending, and filling of refrigerant and industrial gases. Upon arrival, gas samples are tested before unloading into bulk storage tanks, with further quality checks by the QC department. The gases are then blended in specified proportions, and after QC approval, refilled into cylinders following a thorough preparation process, including cleaning, valve reinstallation, and hydro testing. Post-filling, each cylinder undergoes leak and quality testing before proceeding to painting, labeling, and sealing. A Batch Certificate of Analysis (COA) is issued, and the cylinders are moved to the finished goods area, ready for distribution, with quality and safety guaranteed.

## Production Process for Material in Pre-Filled Cans



The company offers a wide range of service products, including high-pressure washers, portable vacuum pumps, and pre-filled cans such as R290 (propane), R-600a, butane, and other specialty items. The production process for pre-filled cans involves several key steps:

Empty and pre-filled cans are stored separately in the Raw Material section. Empty cans undergo in-house or third-party filling, while filled cans are categorized by lot and shipment. All cans undergo an initial visual QC check, followed by gas purity and moisture testing in the laboratory to ensure compliance with Stallion's standards. Upon passing these tests, a Batch Certificate of Analysis is issued.

Safety and leak tests are conducted, including burst strength and random leak testing. Once cleared, cans are labeled with batch details, testing dates, and QC remarks, and repackaged with safety instruction labels and Material Safety Data Sheets (MSDS). A final QC check ensures the accuracy of labeling, branding, and sealing, with a QC pass sticker affixed to the cartons.

Each batch is accompanied by a filler's certificate and COA, guaranteeing the weight, quality, and safety of the products. Stallion's meticulous process ensures that pre-filled cans are safe, tested, and ready for use, meeting the requirements of their OEM customers and maintaining high standards of quality and reliability.



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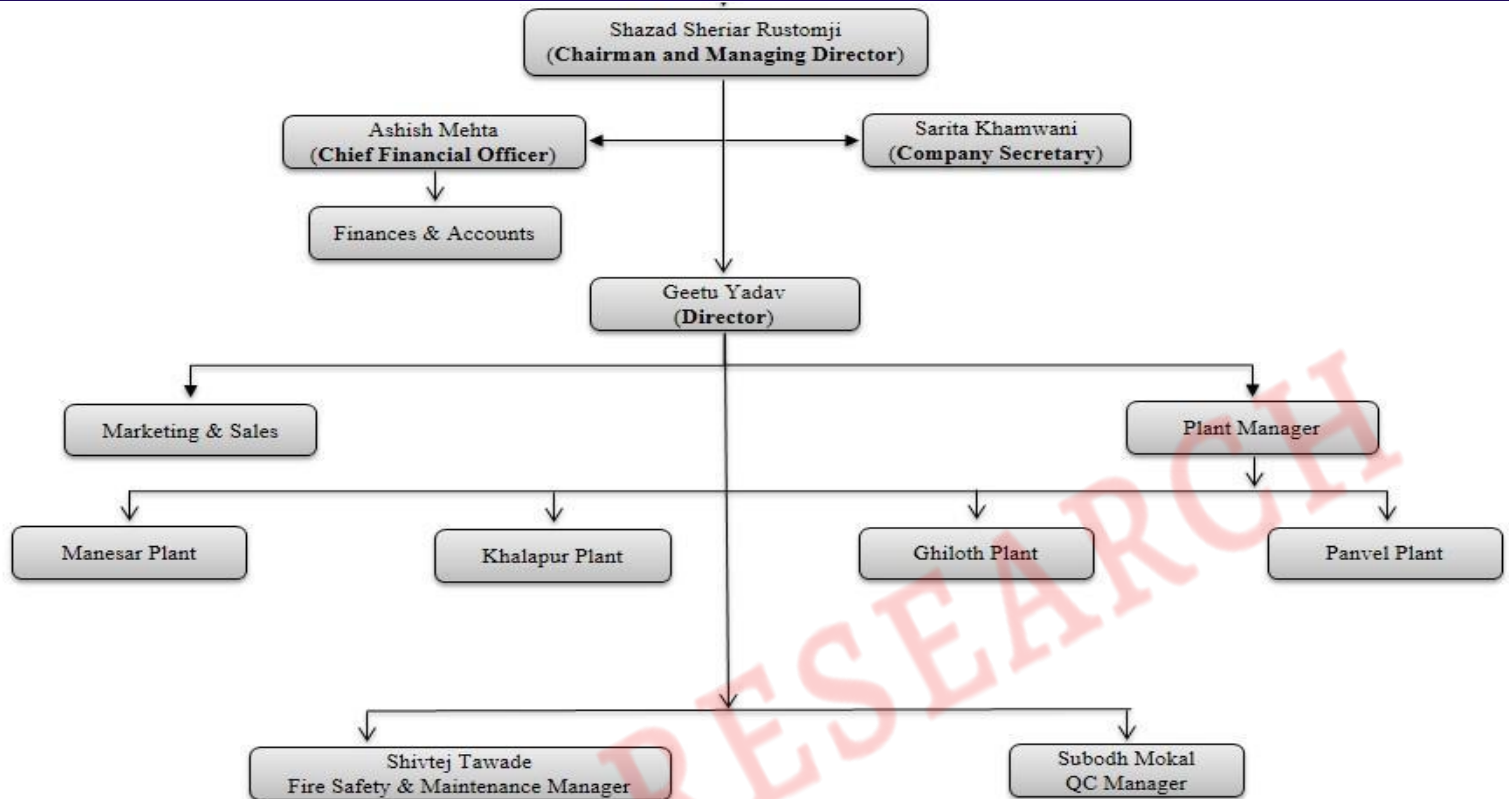
**Initial Public Offer**

### Key Performance Indicators:

Particulars	30-Sep-24	31-Mar-24	31-Mar-23	31-Mar-22
Revenue from Operations	14,073.15	23,323.58	22,550.44	18,588.27
<i>Total Revenue</i>	<i>14,153.16</i>	<i>23,622.63</i>	<i>22,606.35</i>	<i>18,634.07</i>
<i>EBITDA</i>	<i>2,553.76</i>	<i>2,670.48</i>	<i>1,559.89</i>	<i>3,300.88</i>
EBIT	2,496.23	2,559.42	1,406.03	3,122.10
EBT	2,247.06	2,126.94	1,297.42	3,007.09
PAT	1,656.51	1,478.83	975.3	2,110.97
<i>EBITDA Margin</i>	<i>18.04%</i>	<i>11.30%</i>	<i>6.90%</i>	<i>17.71%</i>
EBIT Margin	17.64%	10.83%	6.22%	16.75%
EBT Margin	15.88%	9.00%	5.74%	16.14%
PAT Margin	11.70%	6.26%	4.31%	11.33%
Share Capital	6,146.65	6,146.65	5,512.50	1,225.00
Other Equity	7,306.55	5,649.73	1,557.82	4,868.66
Net Worth	13,453.20	11,796.39	7,070.32	6,093.66
Short Term Borrowing	8,104.75	6,534.54	1,827.42	196.97
Long Term Borrowing	-	-	-	-
Total Borrowing	8,104.75	6,534.54	1,827.42	196.97
Debt / Equity	0.6	0.55	0.26	0.03
Interest Coverage Ratio <sup>8</sup>	10.02	5.92	12.95	27.15
RoE	12.31%	12.54%	13.79%	34.64%
RoCE	11.58%	13.96%	15.80%	49.22%
Net Debt / EBITDA	2.3	1.84	1.11	0.01
Current Ratio	2.16	2.19	1.97	2.19
EPS (Basic)	2.69	2.54	1.77	3.83
EPS (Diluted)	2.69	2.54	1.77	3.83
Cash & Equivalents	2,218.54	1,613.63	101.2	162.43
Current Assets	21,778.05	18,553.77	10,887.37	7,965.87
Current Liabilities	10,082.74	8,487.25	5,521.00	3,630.06

Name of the Shareholder	No. of Equity Shares	As a % of pre-issued Capital
<b>Promoters</b>		
Shazad Sheriar Rustomji	5,81,45,864	94.60%
Manisha Shazad Rustomji	15,750	0.02%
Rohan Shazad Rustomji	4,500	0.01%
<b>Total</b>	<b>5,81,66,114</b>	<b>94.63%</b>

## MANAGEMENT ORGANIZATION STRUCTURE:



### Shazad Sheriar Rustomji – Promoter and Managing Director

Shazad Sheriar Rustomji began his entrepreneurial journey during college with Stallion Exports, a seafood export venture. An alumnus of Mithibai College, Mumbai (1988), he possesses over 30 years of expertise in refrigerants and specialty chemicals. With a strong understanding of supply chain logistics and customer requirements, he has been instrumental in the Company's growth since the early 2000s and oversees its daily operations.

### Rohan Shazad Rustomji – Promoter and Executive Director

Rohan Shazad Rustomji, Promoter and Executive Director of the Company, has completed Level 5 of BTEC from RIMS International School of Business and Technology and is currently pursuing an online Bachelor of Business Administration (BBA) degree from the University of Derby, UK. With 2 years of experience in finance, he oversees the Company's imports and banking functions, demonstrating his commitment to its operational and financial growth.

### Manisha Shazad Rustomji – Promoter and Executive Director

Manisha Shazad Rustomji, Promoter and Executive Director of the Company, holds a diploma in Fashion Designing (1995–96) and a certificate as a registered medical practitioner in Alternative Medicine from The Indian Board of Alternative Medicine. With 8 years of experience in Public Relations, she serves as the Company's Public Relations Manager. Alongside her corporate role, she actively participates in Corporate Social Responsibility (CSR) initiatives, reflecting her dedication to community and societal welfare.

### Geetu Yadav – Executive Director

Geetu Yadav, Executive Director of the Company, holds dual Master's degrees in Computer Science (2009) and Computer Applications (2010) from Maharishi Dayanand University, Rohtak, along with an LLB degree from Himachal Pradesh University (2017). With over 4 years of experience, she has extensive expertise in production, supply chain, imports, sales, and finance. Geetu is actively involved in evaluating and executing new product introductions, reflecting her leadership in product development and overall organizational operations.

### Ashish Mehta – Chief Financial Officer

Ashish Mehta, Chief Financial Officer of the Company, is a qualified Chartered Accountant, having completed his certification in 2012 from the Institute of Chartered Accountants of India (ICAI). He also holds a Cost Accountant qualification (2014) from the Institute of Cost Accountants of India and a Company Secretary qualification (2009) from the Institute of Company Secretaries of India (ICSI). With over 12 years of experience, Ashish specializes in the preparation and filing of Income Tax, GST, Service Tax, Excise, and TDS returns, ensuring compliance with Direct and Indirect Tax regulations.

## PEERS ANALYSIS :

(₹in Lakhs)

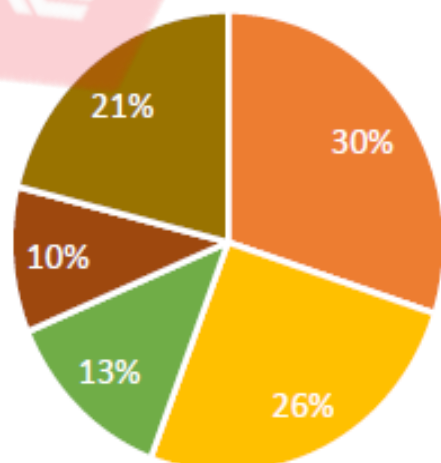
### Competitive analysis with a publicly listed Company

Particulars (₹ Mn) FY24	Stallion India Fluorochemicals Limited	Gujarat Fluorochemical Ltd.	SRF Ltd.	Navin Fluorine International Ltd.
Total Revenue	23,622.63	408,807	1,090,609.00	148,820.00
EBITDA	2,670.48	94,610.00	250,933.00	35,501.00
PAT	1,479	41,875.00	137,403	23,517
EBITDA Margin	11%	23%	23%	24%
PAT Margin	6.26%	10.24%	0.13	0.16
Face value	10.00	1.00	10.00	2.00
EPS (Diluted)	254%	3812%	4635%	4744%
P/E*	-	81.25	55.24	65.65
P/BV*	-	5.75	7.24	6.7
Net Debt / EBITDA	1.84	2	1.3	0.11
Debt / Equity	0.55	0.34	0.34	0.02
Current Ratio	219.00%	137.00%	123.00%	368.00%
RoE	12.54%	7.07%	13.07%	10.22%
RoCE	13.96%	10.92%	16.04%	12.92%

\*P/E, P/BV of peers are based on closing price as on March 2024 based on NSE data.

Source: RHP, Fin2Research

## MARKET SHARE OF PEERS COMPANYS



- SRF Ltd
- Gujarat Fluorochemicals Ltd
- Navin Fluorine International Ltd
- Stallion India Fluorochemicals Limited
- Others





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**Expected Return:** The expected return on an IPO can be estimated by averaging the Grey Market Premium from multiple sources and dividing it by the issue price, expressed as a percentage.

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