

## Company Business

Stallion India Fluorochemicals Limited ("Stallion" or "the Company"), established in 2002, is a Mumbai-based manufacturer and distributor of fluorochemicals and specialty gases. They cater to diverse industries like pharmaceuticals, agrochemicals, and electronics. The company offers a wide range of products, including:

- ✦ **Refrigerants** : Used in various applications such as air conditioning and refrigeration systems.
- ✦ **Pharma Propellants** : Utilized in metered-dose inhalers and other pharmaceutical applications.
- ✦ **Industrial Chemicals** : Serving a wide array of industrial uses, including foam blowing agents and solvents.

Company has four facilities located in Khalapur (Maharashtra), Ghiloth (Rajasthan), Manesar (Haryana) and Panvel (Maharashtra). **Capacity utilization** of these facilities are as follows:

### Capacity Utilization :

Particulars	Khalpur	Panvel	Manesar	Ghiloth
30th Sep 2024	51.92%	-	17.58%	15.30%
FY'24	49.42%	21.28%	25.12%	26.71%
FY'23	37.76%	22.58%	44.09%	24.60%
FY'22	28.95%	30.59%	46.69%	12.15%

## IPO Details

- ✦ Stallion is launching an IPO comprising a **fresh issue of up to 1,78,58,740 equity shares (Rs. 160.73 Cr.)** and an offer for sale of up to **43,02,656 equity shares (Rs. 38.72 Cr.)** by the promoter. The total offer size is 2,21,61,396 equity shares (**199.45 Cr.**) with a face value of ₹10 each.
- ✦ Pre IPO Promoter Holding : **94.63%**
- ✦ Post IPO Promoter Holding : **67.90%**

## Objects of the Issue

Stallion intends to utilize the net proceeds from the fresh issue for the following purposes:

- ✦ Funding incremental working capital requirements : **₹95 Crore.**
- ✦ Capital expenditure for a semi-conductor and specialty gas facility in Khalapur, Maharashtra : **₹29.16 Crore.**
- ✦ Capital expenditure for a refrigerant facility in Mambattu, Andhra Pradesh : **₹21.18 Crore.**
- ✦ General corporate purposes

## Industry wise Bifurcation :

Particulars	Sep 30 2024	FY'24
Automobile Industry	9.87%	15.47%
Stationary segment (Chillers and Central Air Conditioning Plants)	9.24%	7.92%
Room A/C Segment (window Air Conditioners, split & Package A/C)	23%	37.69%
Aerosols products segment (Sprays , spray cans , propellant for Pharma MDI)	5.73%	7.24%
Glass Treatment (for glass Industry)	3.02%	3.15%
Foam Blowing application (Polystyrene and Polyurethane foam industry)	9.02%	4.24%
Fire extinguishants (firefighting Industry)	1.21%	0.54%
Cold rooms & cold chain (cold storage, transport refrigeration, deep freezer)	6.08%	3.89%
Refrigerator Manufacturers	1.05%	1.76%
Electrical Insulation Gases (circuit breaker and GIS manufacturer)	25.86%	11.73%
Aftermarket sales (allied equipment and parts sales to dealer network)	2.68%	3.01%
Other sales (Products other then above segments, i.e. spectra shield fibre,etc)	0.05%	-
Cylinders (all gas is sold in cylinders hence sale of cylinders for above )	3.21%	3.22%
Semiconductor Gases for use in semiconductor industry	-	0.07%

## Industry Analysis and TAM

The Indian fluorochemicals and specialty gases market is projected to experience substantial growth at a **CAGR of 16–18% between 2024 and 2029**. This growth is fueled by increasing demand from sectors like pharmaceuticals, automotive, and construction. However, the industry faces challenges including stringent environmental regulations and intense competition.

## Financials of the company

(Fig. in Cr)

Particulars	Sep 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	140.73	233.23	225.50	185.88
EBITDA	25.53	26.70	15.59	33
EBITDA Margins	18.04%	11.30%	6.90%	17.71%
PAT	16.56	14.78	9.75	21.10
PAT Margins	11.70%	6.26%	4.31%	11.33%
ROCE	11.58%	13.96%	15.80%	49.22%
D/E Ratio	0.60	0.55	0.26	0.03
CFOA	-4.03	-73.44	-28.11	7.98

## Comparison with Peers

Companies	Revenue	EBITDA Margin	PAT Margin	D/E Ratio	MCap	P/E
Stallion India Fluorochemicals (FY 2024)	233.23 Cr.	11.30%	6.26%	0.55	713.92 Cr.	48.30*
Navin Flourine International (TTM)	2,144 Cr.	18%	12%	0.56	18,469 Cr.	85.30
SRF (TTM)	13,511 Cr.	18%	8.35%	0.44	74,272 Cr.	65.70
Gujarat Fluorochemicals (TTM)	4,489 Cr.	22%	9%	0.35	41,244 Cr.	101

\*Forward PE is 21.55 on the basis of FY 25 PAT.

## Revenue by Geography

Company	Fiscal 2024	
	Domestic	Export
Stallion India Fluorochemicals Limited	100%	Nil
SRF Limited	55%	45%
Gujarat Fluorochemicals Limited	43%	57%
Navin Fluorine International Limited	35%	65%

### Noteworthy Observations :

- ✦ **Smaller Scale** : Stallion's revenue is significantly smaller compared to its peers.
- ✦ **Lower Profitability** : EBITDA and PAT margins are lower than those of its peers.

## Positive and Negative Points

### Positive

- ✦ **Growing Industry** : The fluorochemicals and specialty gases industry in India is expected to grow at a healthy pace, offering growth potential for Stallion.
- ✦ **Diverse Product Portfolio** : The company caters to a variety of industries with a wide range of products, mitigating dependence on a single sector.
- ✦ **Pan-India Presence** : Stallion has a network of blending facilities across India, ensuring efficient distribution and supply chain management.

### Negative

- ✦ **Smaller Scale and Lower Profitability** : Compared to its peers, Stallion's revenue and profitability are significantly lower.
- ✦ **Competition** : The industry faces intense competition, which may impact Stallion's market share and pricing power.
- ✦ **Regulatory Risks** : The industry is subject to stringent environmental regulations, which could increase compliance costs and impact operations.
- ✦ **Negative Operating Cash Flows.**
- ✦ **Revenue Concentration in Maharashtra and Delhi** : Company's revenue is predominantly generated from Maharashtra and Delhi. For the period ended September 30, 2024, and the financial years ending March 31, 2024, 2023, and 2022, these states contributed 74.41%, 69.82%, 63.92%, and 60.41%, respectively, to total revenue.
- ✦ **Import Dependency on China** : Major raw materials are imported from China. Any restrictions on imports could severely impact business operations and results.
- ✦ **Legal Demand by Sanmei** : Zhejiang Sanmei Chemical Industry Co. Ltd. has demanded USD 1,251,290 (₹949.85 lakhs).
- ✦ **Customer Concentration** : 77% Revenue from top 10 customers.
- ✦ **Corporate Governance issue** because the company repeatedly defaults on many compliances.
- ✦ **Low Capacity Utilization.**



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