

Rating: Subscribe

Issue Offer

Fresh Issue of 1,78,58,740 equity shares up to INR 1,607 Mn and OFS of 43,02,656 shares by Promoters group taking the total issue size at INR 1,995 Mn.

Issue Summary

Price Band INR	85-90
Face Value INR	10
Implied Market Cap INR Mn.	7,139
Market Lot	165
Issue Opens on	Jan 16, 2025
Issue Close on	Jan 20, 2025
No. of share pre-issue	6,14,66,514
No. of share post issue	7,93,25,254
Listing	NSE, BSE

Issue Break-up %

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Registrar

Bigshare Services Private Limited

Book Running Lead Managers

Sarthi Capital Advisors Private Ltd

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	94.63%	67.90%
Public & Others	5.37%	32.10%

Objects of the issue

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

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The Company is commonly known as Stallion, and is a Mumbai-based company incorporated on September 05, 2002 in Mumbai by Shazad Sheriar Rustomji, who currently serves as the Chairman & Managing Director and is also one of the Promoter of the Company. They are into the business of selling Refrigerant and Industrial Gases and related products. Their primary business consists of debulking, blending and processing of Refrigerant and Industrial gases, selling of pre filled cans and small Cylinders / Containers. The Company has 4 facilities located in Khalapur (Maharashtra), Ghiloth (Rajasthan), Manesar (Haryana) and Panvel (Maharashtra). Each of these facilities is designed and equipped to store gases in a controlled environment, ensuring adherence to the safety standards. The gases find application in various industries/segments such as Air conditioners & Refrigerators, Fire Fighting, Semiconductor manufacturing, Automobile Manufacturing, Pharma and Medicals, Glass bottle manufacturing, Aerosols and Spay foam. With over two decades of experience in Fluorochemicals debulking bottling & distribution, we specialize in refrigerants gases by blending two or more gases to create new formulations.

One of the top companies in the manufacturing of Fluorochemicals & Refrigerants: Stallion India Fluorochemicals is one of the upcoming Fluorochemicals and refrigerant gas manufacturers of India. The Fluorochemicals and Refrigerants segment market is expected to grow at a rate of 10.2% CAGR over the period of 2024-29 on account of increased usage in both residential Air Conditioning as well as Industrial & Office uses for cooling the environment.

Funding of capital Expenditure at their facilities in Khalapur, Maharashtra and Mambattu, Andhra Pradesh: The Company is expanding their capacity in Khalapur for Semi-Conductor & Specialty Gas debulking and blending facility with a Capex of INR 292 mn and for capacity expansion in Mambattu for their Refrigerant debulking and blending facility with a Capex of INR 212 mn. The Company has acquired land from Andhra Pradesh Industrial infrastructure Corporation Ltd. for the Mambattu facility. For the facility at Khalapur, Maharashtra, the Company has already leased the land from the promoter, i.e, Shazad Sheriar Rustomji.

Barriers to Entry for Newer Players in the Fluorochemicals & Refrigerants space: The Fluorochemicals & Refrigerants industry poses a significant entry barrier for new manufacturers on account of both regulatory compliances, majorly from Environmental front, as well as Technological and knowledge barriers reducing the threat of new entrants.

Valuation and View: Stallion India Fluorochemicals Limited is upcoming manufacturer of Refrigerant, Semi-conductor and Specialty Gas in India. The Company's upcoming IPO proceeds will help them fund the planned capex for the expansion of Semi-Conductor, Specialty and Refrigerant Gas. **At the upper band of INR 90, the issue is valued at an EV/EBITDA multiple of 26.2x based on FY24 EBITDA and P/E ratio of 35.4x. We assign a "Subscribe rating" for the issue.**

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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