

Stallion India Fluor

17 August 2026

Operator: Ladies and gentlemen, good evening, and welcome to the Q1 FY27 earnings call of Stallion India Fluorochemicals Ltd., hosted by Confideley Partners. As a reminder, all participants' lines will remain in listen-only mode, and there will be an opportunity to ask questions after the management's opening remarks and presentation. Please note that this earnings conference call is being recorded.

Before we begin, I would like to mention that certain statements made during this conference call may be forward-looking in nature. These statements are based on the current expectations, assumptions, and estimates of the management and are subject to various risks and uncertainties. The actual results may differ materially from those expressed or implied due to several factors. The company undertakes no obligation to publicly update or revise any forward-looking statement.

We represent the investor relations function for Stallion India Fluorochemicals Ltd. On behalf of Confideley Partners, I extend a warm welcome to all the investors, analysts, and participants joining the Q1 FY27 earnings call. We have with us Mr. Shehzad Rustamji, Managing Director and CEO of Stallion India Fluorochemicals Ltd. Sir, you may now proceed.

Shehzad Rustamji – MD & CEO: Thank you. Good afternoon, everyone, and a warm welcome to Stallion India Fluorochemicals Ltd.'s Q1 FY27 earnings conference call.

We have started FY27 on a positive note. During the quarter, our total revenues stood at 124.68 crores, registering a growth of 12.78% year-on-year. EBITDA increased by 75.85% to 25.27 crores, while PAT grew by 79.15% to 18.57 crores. The stronger growth in EBITDA and PAT reflects the improvement we have seen in our profitability during the quarter.

From an operational perspective, the focus continues to be on strengthening the business and preparing the company for its next phase of growth. One of the key developments during the quarter was the completion of preparations for the high-purity helium processing plant at the Akhalapur facility. The facility has an installed capacity of 1,200 metric tons per annum, and we expect commercial operations to begin in the coming quarter. We see good earning opportunities for high-purity helium across areas such as semiconductors, electronics, healthcare, aerospace, and defense.

Our Mambattu facility in Andhra Pradesh is progressing as planned, and we expect it to commence operations by the end of the year. This facility will strengthen our presence in South India and add capacity for refrigerant debulking, blending, and storage. More notably, it is an HFO blending plant.

At the same time, work on our 10,000-metric-ton R32 manufacturing facility at Bhilwara is progressing well. We are targeting completion by the end of December 2026. This is an important project for us because it will take us further into manufacturing and reduce our dependence on external sourcing for this key refrigerant. The R32 facility is also an important part of our backward integration strategy. Over time, we expect this to improve supply reliability and contribute positively to our margins.

Beyond these projects, we continue to look at opportunities in HFO and other specialty gases. The objective is to gradually increase the contribution from higher-value products while building on the

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customer base and distribution network that we already have.

We remain confident about the opportunity ahead of us. Our focus over the next few quarters will be on executing these projects on time and gradually ramping up the new capacities. We continue to maintain our guidance of 30–35% revenue CAGR over the next 3 years. As the contribution from backward integration and higher-value specialty gases increases, we also expect our EBITDA margins to improve by about 3–4% over the medium term.

Overall, our focus remains on disciplined execution, expanding our product portfolio, and building a stronger and more integrated business. With that, I would like to thank all our investors and stakeholders for their continued support. I am happy to take your questions.

Operator: Thank you. Participants who would like to ask questions may please raise their hands in the reactions tab. We have the first question from Ms. Disha. Ms. Disha, you may unmute and introduce yourself.

Disha: Hello, am I audible, sir?

Shehzad Rustamji – MD & CEO: Yes.

Disha: Yes, thank you so much for the opportunity. I have a couple of questions. First, in our first quarter, we have seen strong improvement in both our gross margins and EBITDA margins on a QoQ basis as well as a YoY basis. I wanted to understand how much of this has been driven by higher realization and how much has been driven by a better product mix. Do we see these margins sustaining?

Shehzad Rustamji – MD & CEO: It is a combination of a better product mix and the earlier planning that we had in place. Basically, the continued strain on logistics and imports currently faced due to the Gulf crisis is starting to take its toll on pricing and all other factors as well. One factor has been a combination of better planning and better execution of the logistics that we had planned earlier, along with a better product mix and a higher percentage of HFOs in sales.

Disha: Is it fair to say, sir, that these sorts of margins will be sustainable?

Shehzad Rustamji – MD & CEO: Our margins will continuously improve, but I am not particularly sure that the same results can be repeated continually. As I said, part of it comes from the better planning that we had during the Gulf crisis. When everything has gone haywire, historically we have always maintained high stock levels. That also becomes beneficial for us when crises occur.

Disha: Of this EBITDA, sir, how much has been because of inventory gains or the stock that we had earlier?

Shehzad Rustamji – MD & CEO: It is a mix, 50–50.

Disha: Okay, fair enough. Regarding the Akhalapur plant, I think it is going to be commercialized in the next quarter. What sort of contribution do you see from this plant for this year?

Shehzad Rustamji – MD & CEO: I will tell you in percentage. We should see about 12% contribution.

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Disha: This has a PAT margin of around 17–18%, right?

Shehzad Rustamji – MD & CEO: We have said 15%, but yes, it will be higher.

Disha: Okay. What are the current R32 prices, and what sort of increase have we seen in helium prices?

Shehzad Rustamji – MD & CEO: R32 prices currently are a little on the downswing. They are not increasing. The basic correction that needed to come is taking place.

Disha: What would the current price be, sir?

Shehzad Rustamji – MD & CEO: Currently, it is approximately 800. At the peak, it was 900.

Disha: Irrespective of our plant coming up by the end of December, I think we will still be able to reach our target of 275 crores of contribution from this plant, right? Our guidance was based on a realization of 500 rupees per kg.

Shehzad Rustamji – MD & CEO: When we give projections, we give them based on a worst-case scenario. We do not give them based on a rosy scenario. We could have significantly increased the figures and shown a very rosy picture by taking the pricing of 700 or 800 that was prevalent at that time. We chose to go with the conservative estimate of 550. I think what we have said is workable.

Disha: Okay. Regarding the Mambattu plant, last time we expected it to come up by August, and now I think we are expecting completion by the end of this year. What is leading to this delay?

Shehzad Rustamji – MD & CEO: Basically, the same team that was working at Bhilwara is also working here. As a result, we wanted to speed up Bhilwara. We moved all the people there—all the engineers and everyone. That is the first point.

Second, the Mambattu facility on its own, when it comes up, will complement the other facility. Basically, we do not lose anything because of the delay. When it starts up, it will be a significant added bonus. Its real relevance comes with this plant.

Disha: Right. This is the last question from my side. We have also floated and bid for this tender for ISRO. Could you provide some more details on the contract size and the sort of margins we see here?

Shehzad Rustamji – MD & CEO: We are working with them. It is not finalized. As we move into the production side, the reason we have not been able to sign up earlier was that our plant was not ready. Technically, these are airtight contracts. Once you say you will supply, you cannot then say that you are not ready. Therefore, it is prudent to wait until your plant is ready and then sign the contracts.

So far, we have not signed the contract. We are now at an advanced stage of negotiations, and we will close it shortly. Regarding the size, each of the requirements does not come as an annual order or something similar. It is a government requirement, so it is tender-based. All government and defense requirements are tender-based. Usually, the size of the tenders is around 40,000–50,000 cubic meters of gas.

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Disha: That is all from my side, sir. I will get back in the queue. Thank you.

Operator: Thank you. Participants who would like to ask questions may raise their hands from the reactions tab. We have the next question from Mr. Gaurav Shukla. Gaurav, you can unmute and introduce yourself.

Gaurav Shukla: Am I audible, sir?

Shehzad Rustamji – MD & CEO: Yes.

Gaurav Shukla: Thank you, sir, for giving me the opportunity. First, I want to understand the market opportunity with helium, the peak revenue potential, and the plant potential.

Management: Helium is essentially expected to contribute about 5 containers in the first year, in the current year, because it covers only half the year. Next year, it would gradually keep increasing. Next year, it will be 12, and after that, it will be 24. Basically, selling is not the difficult part today; availability is the critical factor. We have largely mitigated that through our tie-ups and related arrangements. We expect to achieve a sizeable contribution and, as projected, we should be able to complete this year in line with the helium figures.

Gaurav Shukla: As we have grown by 10–12% in this quarter and have guided for 30–35% revenue growth, is that guidance intact?

Management: The 30–35% growth guidance is intact.

Gaurav Shukla: The EBITDA margin came in at about 17% this quarter. Is it sustainable for the full year?

Management: No, I said at the outset that this has been a special quarter. We do not play the numbers game in the sense that, just because we have to perform as hard and as well as we did in this quarter, we are not going to let the company lose revenue and profit in that quarter.

If there is an opportunity for the company to grow and enjoy a higher margin because of better planning, we will ensure that it benefits from that opportunity in that quarter. Is it sustainable? It is a very impressive margin and a very impressive set of numbers. Those are not the actual numbers at our current business level that we enjoy. I have no idea how much of it will continue, but we will definitely ensure that we are working toward profitability.

Gaurav Shukla: In the last 2 or 3 conference calls, we had planned for the R32 plant to be completed in July 2026, and it has now moved to December 2026. What factors have affected this? What factors caused the delay in the plant?

Management: In September, when we wanted to start the work, we were considering a preferential issue at that time. However, there was a significant spike in our share price, and all the planning for the preferential issue fell through. We therefore had to move to the rights issue methodology.

As a result, we were only able to approach the market by February, so the funding came in late. You need a sizeable portion of the funding to start the work. What was originally planned to be a December start ended up being a March–end start.

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Gaurav Shukla: In this quarter, will helium revenue come in Q2, now that the plant is operational?

Management: Yes, the plant is operational. We have gone through the final stages of checks and everything. We do expect helium revenue to come through this quarter.

Gaurav Shukla: Thank you, sir. Thanks a lot. All the best for the future.

Management: Thank you.

Operator: Thank you. Participants who would like to ask questions may raise their hands in the reactions tab. The next question is from Mr. Paras Chheda. Paras, you can unmute and introduce yourself.

Paras Chheda: Thank you for this opportunity. I wanted to first understand that our R32 commissioning has now moved to December 2026, and the presentation says 250 crores of revenue contribution in FY27 from this plant. Does that remain intact based on the end-December commissioning of R32 and the 250 crores of revenue contribution in FY27 from this plant, or does it change somewhat?

Management: It would change somewhat.

Paras Chheda: What revenue contribution would you put for the quarter then? I mean, would it be 125 crores or so?

Management: It should be for Q4, yes. That is approximately what it should be.

Paras Chheda: For the full-year utilization of this plant, does the 500–600 crores in FY28 still hold?

Management: Yes, very much.

Paras Chheda: What would be your EBITDA margin guidance now for FY27 and FY28?

Management: We have already mentioned it. It would change significantly with the production plant coming into effect.

Paras Chheda: Please go ahead, sir.

Management: We expect EBITDA to go up by 3–4%. We also expect PAT to increase. Remember, 50% of the business is still our current core business, which has lower margins. The newer business will contribute 50% and has a PAT margin of about 24%. There will therefore be an averaging of the two, which will raise the margins from the level we are currently enjoying.

Paras Chheda: Let us put it this way: even for FY27, ignoring R32, our conventional business typically gives us a PAT margin of about 10%, more or less?

Management: Yes, probably slightly lower.

Paras Chheda: For this quarter, of course, you have done quite well, and we expect this to moderate somewhat during the year. Ignoring R32 for now, are we still expecting the PAT margin for FY27 to moderate to about 10%?

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Management: It would definitely be around that level.

Paras Chheda: Therefore, the future quarters will moderate quite substantially in terms of PAT margin relative to this quarter.

Management: As we move toward more and more manufacturing, you will see a steady rise in PAT and EBITDA margins.

Paras Chheda: For next year, with a 24% PAT margin on R32 and assuming a 50-50 contribution, are we talking about roughly 15-16% or 17% PAT margin?

Management: Yes.

Paras Chheda: Understood. Eventually, with the helium facility now online, along with R32 and Mambattu, what kind of peak revenue do we expect in FY28, when all 3 plants will be operational?

Management: Exceeding 1,100 crores.

Paras Chheda: With approximately a 15% PAT margin?

Management: Yes, probably a minimum of 15%.

Paras Chheda: Understood. Thank you very much.

Management: Again, these are endeavors. As we said, this is what we will be working toward.

Paras Chheda: Despite the fact that R32 prices have been factored in at a lower range, and therefore the current volatility in R32 prices does not affect the feasibility of our project, is that correct?

Management: Whatever numbers we have used, we have never used peak pricing, so our calculations are not impacted by this volatility.

Paras Chheda: Given that the disruption in the Middle East continues and persists in various forms, and you have an agreement or understanding with a Qatari company regarding how we ship helium, what are the arrangements in place? What de-risking have we done as of now?

Management: Sharjah Oxygen itself is a large company. Secondly, we have worked with them extensively. The collaboration and cooperation will extend further; it is not going to remain limited to the supply of helium. It factors into many of our growth plans.

As a result, a significant amount of strategic de-risking has been discussed and worked out with them. The person heading the helium business has now made 3 or 4 visits to the Middle East to discuss and work out all these factors.

Multiple companies own the tanks and various sites where helium is available. They have a swapping mechanism and other arrangements that they can engage in, and we are also receiving material from other sources through the same channel.

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Paras Chheda: If shipping from the Middle East were to remain blocked for a quarter, for example, I am assuming a worst-case scenario, and we have agreements in place, is there a possibility of sourcing the product from other regions through swapping? Is that how it works?

Management: I will explain. Suppose there is a large, well-known company, Company XYZ. It wants to supply 2 ISO tanks, or cryogenic tanks, in the Middle East. It will not ship them from the United States directly. It will inform Sharjah Oxygen to provide 2 tanks there, and say that it has 2 tanks available if Sharjah Oxygen wants them there.

Those 2 tanks will then be shipped from the United States to us. That is what I mean by working on strategic sourcing. De-risking is done in that manner.

You have to understand that all chemical companies, including the biggest names, manufacture only 4 or 5 products out of 40 products. The remaining products are covered through swap agreements, arrangements, and strategic sourcing agreements that are in place. Nobody manufactures everything. Physically, it is not possible.

Paras Chheda: On a simple understanding, I want to clarify that we have tied up for helium with Qatar Gas. In terms of swapping, irrespective of the continuing shipping disruption, broadly, with the swap mechanism in place, we should be able to source our product and continue our business in India. Is that correct?

Management: Not business as usual, but yes, that is called de-risking and ensuring alternate avenues for material. The impact on us would therefore be lower.

Paras Chheda: It would be significantly minimized and not as severe as it would be if the product itself were unavailable.

Management: Yes.

Paras Chheda: Are there any price implications in this kind of scenario?

Management: Prices will definitely increase. The helium outlook for the next 2–3 years is one of a shortfall and higher prices.

Paras Chheda: Understood. Thank you very much. I will come back in.

Management: Thank you.

Operator: Thank you. Participants who would like to ask questions can raise their hands in the reactions tab. The next question is from the line of Mr. Arindam Datta. Sir, you may unmute and introduce yourself.

Arindam Datta: Hello, sir. Can you hear me?

Management: Yes, I can hear you.

Arindam Datta: Thank you very much for giving me the opportunity. We have received a good set of numbers. Most of the questions have already been asked by the previous participants.

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One question that comes to my mind is that all 3 of our plants—Akhalapur, Mambattu, and R32—are almost going live at the same time, whereas earlier that was not the case. What would the working capital requirement be? Would it be manageable, or are you going to raise some debt, since you said that you are not going to dilute equity anymore?

Management: Let us put it this way: there are 2 things. One is desire and the other is requirement. I would prefer not to dilute any further and to raise working capital through internal funds. However, if we want to have faster growth and a faster expansion, I do think capital will need to be raised.

We have a growth strategy under which we want to put up 1 plant every year for the next 3 years so that we can reach our milestone of 3,000 crore revenues, which is what we have said we are working toward. We can only do that if we put up that many plants and enter that many businesses.

There are 2 ways of going about it. One is through internal accruals, which will definitely be substantial and will be able to fund quite a bit of it. However, as we continue working, we realize that we might need to raise capital.

I will give you an example. While we are setting up this R32 plant, we said that after the R32 plant we would allow 3 months for stabilization and then proceed. If we want to execute the HFO plant in a timely manner, we cannot wait that long. We already have to pay a certain amount toward the technology transfer. We need to obtain the plans, and we need to submit the EC application. The EC will take 6 months.

After the EC is received, the basic groundwork and whatever else is permitted can be undertaken. Until then, we can continue with all our planning, design planning, and procurement negotiations. All these things cost money, and you cannot wait for the revenue to come from the plant being commissioned before starting them. You can do it that way, theoretically, but it would be—

Management: —possible to fund it without doing this. Only your timeline would increase. Instead of 3 years, you would move to 6 years in your growth projections.

If we want to maintain a very fast pace, we might need to raise funds. It is not something that we have decided. It is not something that we have {? this ?}, but I am sharing my thoughts with you that, as we review our planning, financial planning, and everything else, we realize that it may be more prudent, if we want faster growth, to raise funds rather than—

Arindam Datta: I understand. You have a plan for some AHF in the next phase, after R32, on the same premises, right?

Management: No, HFO. HFO.

Arindam Datta: Okay, so there would be an HFO plant, and you mentioned AHF somewhere.

Management: The raw materials are AHF and MDC. Therefore, backward integration for those products would very much be on the cards, but there are also other backward integration opportunities available. We would choose whichever option makes the most sense for us.

Arindam Datta: The next project would be HFO?

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Management: HFO is what would come next.

Arindam Datta: After that, if it is beneficial, AHF probably.

Management: Let us put it this way: our drawing board is full. We have a list of things that we would like to enter, and all of them are allied to one another. Among those, we may choose whichever offers greater commercial sense and faster growth.

If we enter AHF or MDC, it will not add to our top line. It will improve our margins.

Arindam Datta: This brings up another question. HFO is patented by Honeywell, as I understand it, and only 1 company in India can manufacture it. Can we go for HFO manufacturing in the future?

Management: You do realize that we have been associated with Honeywell for the last 20 years. Whatever we do, we will do it while safeguarding their IP. We would not do anything that infringes on their IP. That is the first point.

Secondly, Honeywell is a very strong partner, and we would never do anything that goes against its interests. Whatever we do will be done with due regard to all those points and with them in mind.

Arindam Datta: Coming to the fundraising, I understand that equity dilution may make sense for the HFO plant or a subsequent plant. However, regarding working capital, my first question was whether we need to dilute equity. You mentioned that we may consider debt because debt might not have been the right choice 6 months ago, but perhaps it could be now.

Management: It could be. We are evaluating it.

Arindam Datta: Okay.

Management: Currently, we face no problem. We have enough funds to start up as well, and we do not see any issues as such.

However, moving forward, you need to understand how this business works. If you want to see how profitability is generated, look at this quarter, when we achieved good profitability. Suppose AHF pricing is lower or MDC pricing is lower for whatever reason, whether due to a spike, a downward movement, or the product cycle. If you are cash-rich and have the ability to build up inventory, you can take, say, 6 months of stock and hold it.

Arindam Datta: Understood. When will you make the HFO plant planning public? Would it be during this financial year or the next one?

Management: Sorry?

Arindam Datta: The HFO plant that we are going to build—would that be next year?

Management: Yes, next year.

Arindam Datta: Would the planning be made public during this financial year or the next financial year?

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Management: Sorry?

Arindam Datta: When are you going to announce that the HFO plant will be developed, or that it has entered the planning phase?

Management: Our plans are already underway. We would go public, I think, toward the end of the year. After this plant is successfully commissioned, we will proceed in full swing with the HFO plant, not before.

Arindam Datta: Of course. Thank you very much, sir, and have a good day.

Management: Thank you.

Operator: Thank you. Participants who would like to ask questions may please raise their hands in the reactions tab. We request participants to restrict themselves to 2 questions, as there is a long list of people asking questions. The next question is from Mr. Darshil Jhaveri. Sir, you may unmute and introduce yourself.

Darshil Jhaveri: Hello, good evening, sir. Thank you so much for taking my question. Am I audible?

Management: Yes, very much.

Darshil Jhaveri: We have given revenue growth guidance of 30–35% CAGR, but with the R32 plant coming online next year, we will effectively be doubling our revenue, right? Is that the correct way to look at it? With HFO also being planned, I wanted to understand why we are mentioning 30–35%.

Management: Our turnover is 400 crores. Even if we do 125 crores, 400 plus 125 is 525. What is 30% growth on 400?

Darshil Jhaveri: I mean, the 30% is for next year, not for the following year, right? It is just for this year.

Management: We have said that we would have 30–35% growth for 3 years in a row.

Darshil Jhaveri: That is why I am asking. In FY28, with the plant coming in, we will be doubling, right? It will be more than 30%—600 plus 500, or 1,100.

Management: Yes.

Darshil Jhaveri: Fair enough. We will also have a significant amount of capex coming in. In managing the working capital, will we face any issues? What debt could arise because of working capital? Currently, we do not have any significant finance cost, but with the larger plant, we will need some working capital.

Management: With the capex, we are very much in control. More or less, I do not think we have overspent or are going off track. We are very much within our capex requirements. Nothing is going to go beyond that.

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Regarding working capital, the accumulated PAT from the last 2 years is being used to build working capital going forward. However, as I said, with faster growth and faster spending on the new projects we are working on, we may look at raising funds, which could be through debt or dilution.

Darshil Jhaveri: Fair enough. One small suggestion: our presentation mentions October for the capex, whereas we have mentioned December. It would be ideal to update the presentation.

Management: I will explain. We have not run wrong on the timeline or anything of that sort. When we prepared the prospectus and completed all the documentation, the plant was supposed to be completed during December and the funds were supposed to have come in earlier. Once the prospectus has been filed, you cannot change that information midway.

The figure was always October. However, as we started late, we are off by 2 months on that factor. Therefore, October would effectively become the end of December.

Darshil Jhaveri: That is entirely justifiable and is not an issue. This is a business, and there can be some delay. I am only saying that in our Q3 presentation we mentioned 250 crores of top-line revenue, so you could update that.

Management: It was expected that if we started in October, we would have 6 months of production.

Darshil Jhaveri: Fair enough. That is all from my side. Thank you very much.

Operator: Thank you. Participants who would like to ask questions may raise their hands in the reactions tab. The next question is from the line of Ms. Bhavika Singhvi. Bhavika, you can unmute and introduce yourself.

Bhavika Singhvi: Thank you for the opportunity. I have a follow-up question on revenue and utilization. You mentioned that we expect to achieve 500–600 crores of annual revenue at the expected utilization. I want to understand how much of these expected realizations are already supported by customer contracts or offtake commitments for any of the capacity. Are we planning to sell in the spot or open market?

My second question is on AHF, which is the raw material sourcing. As I understand it, our competitors in the industry have in-house capabilities to manufacture AHF. From where do we expect to source it? Will it be domestic or imported? Do we have any long-term supply arrangement in place for the continuous supply of AHF? These are the 2 questions I wanted to highlight. Thank you.

Management: Regarding the first question, could you please recount it?

Bhavika Singhvi: I want to understand how much of our volume is already supported by customer contracts.

Management: I understand. Thank you. Sorry, it was a long question, and I wanted to make sure I had understood it. The question is how much of our capacity has been pre-sold. Am I correct?

Bhavika Singhvi: Yes.

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Management: Sensibly speaking, experienced management would never make the mistake implied by the question of pre-selling capacity. There are 2 reasons.

First, you do not have anything in hand; you are trying to sell it. You do not have anything guaranteed that says you will start on a particular date. You would be entering into a take-or-pay contract. That means that if you cannot deliver, you have to pay the differential between your price and whatever price the counterparty can obtain the material for.

The second point is that the arrangement may not be completely airtight; it may only be a loose understanding. When you enter into a contract for something you do not have, you are obviously trying to create something out of thin air.

As a result, if the market price is 900, the counterparty will ask you for a price of 500. I am just giving an example. If I commit at 500 when the market is at 900, what have I done? I have committed the company and eliminated any chance of earning higher revenue by committing to a lower price, which the counterparty will hold us accountable for. You cannot walk away from that commitment.

However, if the price falls to 300, the counterparty is not going to honor the arrangement. It will still walk away. So what value does pre-selling really have, other than making an announcement similar to one in the stock market that we have sold 10% or 50%?

Other than that, what value does it really have? If we are talking about experienced management and people who know the business inside out, it has no value. It has no commitment and it has no value. That is the first point.

Bhavika Singhvi: Understood. As a follow-up, when we say that we are going to generate 500–600 crores of annual revenue from this particular capacity, I want to understand from management's view where we see this demand coming from. Is demand so strong that, even if we do not have contracts in hand, we are capable of selling the 10,000-ton capacity we are planning to build in the open market?

Management: As I said, when you mention contracts in hand, do they have any enforceability? Nothing. It is merely an MOU-type understanding: "I will buy; you sell, and I will buy." Other than that, it has nothing.

If we simply want to make people happy, we can enter into 4 such contracts and present them. They have no value. For anything to have value, it has to be ironclad. An ironclad contract would mean time-bound supply, after which the penalty starts increasing.

Therefore, it is not in the best interest of the company. That is the first point.

The second point is that, before we started this R32 project, if you look at the period before it, our imports were more than 4,000 tons of R32. Therefore, our internal market itself—

Management: —our requirement itself would be almost 40–50% of our production. Second, the Mambattu facility is an HFO blending facility that will require 60% R32. There again, it will require a product that others cannot touch because it is subject to IP restrictions.

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The third and most important point is that the remaining small quantity left is negligible for us to sell. It is not a challenge for us. We have not gone for excess capacity; we have gone for the capacity we require.

Bhavika Singhvi: My second question remains unanswered: the HFO sourcing and the raw material.

Management: First, HFO is not produced by a single manufacturer. There are multiple local manufacturers. Globally, there are even more. There will also be many additional capacities coming into play by next year.

In fact, we expect that by 2028 there will be a glut of HFO supply. Technically, it will be more of a buyers' market than a sellers' market. That is the first point.

Secondly, whatever strategies we use, we are not going to share them because this constitutes confidential data and confidential strategy. If you are asking whether we have a source for the HFO plant and related requirements, yes, we do.

Bhavika Singhvi: I asked this question because, as you said, there are domestic players manufacturing HFO. However, if I look at the situation in China and other global sources from which we used to import, it is becoming difficult because capacity is being used for internal purposes. From that perspective, I want to understand whether our source will be domestic or imported, so that we have security of supply.

Management: Even if we enter into a domestic contract, we will definitely keep the import source active because we will not depend on a single source for anything. More critical components would have 4 suppliers.

Bhavika Singhvi: Since you mentioned that we are already in the business of selling R32 for Honeywell, I have a follow-up question, if you do not mind.

Operator: Sorry to interrupt, Bhavika. There is a long queue, and we are running short on time. You can join the queue again.

Bhavika Singhvi: Sure, thank you very much.

Operator: Thank you. Participants who would like to ask questions may raise their hands in the reactions tab. We request all participants to restrict themselves to 2 questions. The next question is from Mr. Dhwani Shah. Dhwani, you can unmute and introduce yourself.

Dhwani Shah: Hello, am I audible?

Management: Yes.

Dhwani Shah: Thank you for the opportunity. Last time, we were discussing helium pricing, and you had said that prices had risen very sharply in the past 6–7 months. I wanted to understand the current price trends for helium.

Management: The price increased sharply from its earlier level, but it is currently stable at the new, higher pricing.

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Dhwanil Shah: So it is closer to {? 4,000 rupees ?} per kg?

Management: Approximately.

Dhwanil Shah: With the new plant coming up with a capacity closer to 1,200 metric tons, if I do a ballpark calculation, our helium revenue for the full year, assuming this pricing remains, should be close to 500 crores?

Management: No. First, 1,200 is your capacity; it does not mean that you will produce that much helium. Second, ramping up the capacity will also take time. It will increase incrementally, such as 50, 100, 200, and so on.

Dhwanil Shah: For the next financial year, how much are we targeting for helium? Broadly, is 50% utilization of the 1,200 tons achievable for us?

Management: It will not be 50%; it will be 20%.

Dhwanil Shah: For the next year?

Management: Yes. The capacity is large, but that does not mean you will be able to reach the full capacity in 2 or 3 years. It will take time.

Dhwanil Shah: I had the impression that, since India imports helium and its usage is increasing, the demand is quite substantial.

Management: Demand is going to grow exponentially. It is not that demand will not grow, and it is not that those numbers will not materialize. The reason we have put up a large plant is that the numbers will add up gradually. However, will they add up in the next year itself? No, they will not.

Dhwanil Shah: Understood. My second question is on the HFO plant and the new Mambattu plant. Could you help us understand the kind of capex we may incur for the HFO plant whenever we decide to proceed? Also, what kind of revenues are we targeting from the Mambattu HFO blending plant?

Management: Currently, regarding the HFO plant, the capex would be in the vicinity of 350–400 crores. That is the first point.

Second, the Mambattu plant may not result in a significant increase in revenue immediately. You have to understand that the plant will produce the HFO blends that we currently import. Those products will no longer be imported; they will be manufactured in India, and 60% will be our own R32 product.

As a result, our logistics efficiency will be greatly enhanced. Our reliance on long logistics routes from the United States, China, and other locations will come down drastically, making working capital management much easier.

Third, it is a local "Make in India" product. That itself gives it significant value, along with an export market. Fourth and most importantly, our profitability will increase. Our turnover will also increase, but I am answering your question regarding the immediate impact on the day the plant starts.

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Dhwanil Shah: One aspect is the new capex that we will undertake on the HFO block, and the other is the HFO blending that we are adding at Mambattu. These are 2 different things.

Management: The HFO manufacturing plant will significantly enhance revenue. It will also significantly enhance PAT, EBITDA, and other metrics.

The Mambattu facility takes HFO and R32, blends them together, and produces an HFO blend. The product that is currently imported at a higher price will instead be produced domestically, so profitability will increase significantly. However, immediately, turnover may not increase by much more than 10% or so.

In 1 or 2 years, as the HFO blends business grows in India and begins to replace the existing conventional business, the revenues will also grow significantly.

Dhwanil Shah: What kind of capacity are we looking at for the 400 crore capex, and what are the current HFO realizations?

Management: I did not understand exactly. Could you rephrase that?

Dhwanil Shah: What capacity will we put in place for the HFO plant for that capex?

Management: It will be 10,000 tons—5,000 plus 5,000.

Dhwanil Shah: And what is the current realization for HFO?

Management: Are you asking about the current PAT?

Dhwanil Shah: No, I am asking about the current realization. R32 is 800 rupees, as you said. What would the realization be for HFO?

Management: There are 3 basic HFOs, of which we will manufacture 2. The pricing is about 3,000–4,000 rupees per kilogram.

Dhwanil Shah: 4,000 rupees per kilogram. Understood.

Operator: Dhwanil, I would request participants who would like to ask questions to raise their hands in the reactions tab. The next question is from the line of Mr. Ashish Parekh. Ashish, you may please unmute and introduce yourself.

Ashish Parekh: Am I audible, sir?

Management: Yes.

Ashish Parekh: Congratulations on the stellar performance in a difficult period.

Management: Thank you.

Ashish Parekh: My question is qualitative in nature. We have faced certain difficulties regarding timelines, which are understandable. How confident are we now of meeting our timelines, especially for R32? Do you see any risks remaining? Are there any parts that need to be fixed, which could

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cause the R32 timeline to be extended further?

Secondly, what challenges did we face with Mambattu that caused the delay? Those are my questions.

Management: I will start with Mambattu. First, there are no significant challenges. What happened was that we had originally planned Mambattu as a simple 5-tank structure. We enhanced it to a 12-tank structure with hydrocarbon capabilities and semiconductor and helium capabilities.

We increased the entire project by 2.5 times. Complete redesigning and a complete change were required. Once the original plans had been prepared, the entire layout and everything else had to be changed. When you redesign and make a complete change to everything, it naturally results in a timeline overrun.

Secondly, there were monsoons in Andhra Pradesh. In the area where we are setting up, there is a prominent prefabricated building company, itself a large listed company, located directly opposite us. That entire company was under water for the last 4 months of the previous year.

The monsoons and flooding situation in that area was very severe. We were unaffected because, wherever we set up a facility, we ensure that the appropriate filling, road heights, and everything else are matched with the highway. We faced no problems, but because of the major issues around us, there was a delay.

The first reason was the complete redesigning and change of everything that we had planned. Today, as I said, the effectiveness of Mambattu comes with the R32 plant coming up. Around the time the R32 plant comes up, Mambattu will also become operational because its real strength will be derived from the R32 plant.

Regarding timelines, a chemical process plant of this complexity, starting from zero with nothing, normally takes about 24 months. The Chinese refuse to undertake the project in less than 18 months, and we are delivering it in 9 months. I think we are doing quite well on timelines.

Even if we are delayed by 2 or 4 months, it is still half the time anyone else in India has taken to set up a process plant.

Ashish Parekh: That is very helpful. We understand that you worked in 2 shifts to complete it in 9 months. My second question is regarding the capital we may raise. Have you prepared any blueprint, or is it still at the discussion stage?

Management: I have not said that we are going to raise any capital. The question asked earlier was that you had previously said you would strictly not go for dilution and would use only debt.

Over the last couple of months, we have held internal meetings and financial discussions and reviewed the project planning going forward. When we considered the speed at which we want to move over the next 3 years, it became more apparent that, if we stick to the position that we will not dilute and will rely on internal accruals for working capital and on debt for expansions, we will delay things for too long.

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Alternatively, we could cross the level of prudent debt and take on more debt than we would want.

Shehzad: Keeping that in mind, we are not closed to the idea that we might pursue dilution going forward. I have only shared my understanding of how our financial position looked earlier. Earlier, we were clear that we would not pursue dilution. Now, keeping everything in mind and considering the situation, it may be more prudent to use some dilution and some debt, rather than relying entirely on debt.

Ashish Parekh: That is very helpful, sir. Thank you very much, and my best wishes.

Shehzad: Thank you.

Operator: Thank you. Participants who would like to ask questions may raise their hands in the reactions tab. The next question is from the line of Mr. Preet Jain. Preet, you may unmute and introduce yourself.

Preet Jain: Hello, am I audible?

Shehzad: Yes.

Preet Jain: Congratulations, sir, on a good set of numbers. Historically, we have sourced and distributed R32 from partners such as Daikin. Once the Bhilwara R32 plant starts operations, will our own production largely replace the R32 volumes we currently procure, or will most of the 10,000-metric-ton new capacity be sold in the market?

When you guide for 500–600 crores of annual revenue from the plant, should we understand this as gross revenue including the substitution of trading revenue, or is it largely incremental revenue?

Shehzad: Let us put it this way. First, over the last 2 years, our imports of R32 have come down to almost negligible levels. Therefore, whatever we sell in R32 will be incremental revenue. It will not substitute the revenue that we currently have.

Second, even for any quantity that we currently use, source, or sell in R32, the profitability difference between our own product and the product we procure will largely make up the numbers we are targeting. It will give us a boost in other areas where we will be able to enhance turnover further.

Preet Jain: When we speak to industry competitors, they say that you are procuring some HF from them. Once their R32 plant is commissioned, we will not be able to procure HF from them because they will not have sufficient HF available. Do you see any risk when your R32 plant starts and you do not yet have a backward-integrated HF plant for AHF manufacturing?

Shehzad: First, we do not buy any HF from that company. We have never had any plans, and we will never have any plans, to purchase from that company. The sources will be the ones we have already outlined, other than that company.

Secondly, in the next year, a couple of manufacturers are coming up, so capacities in India will increase significantly.

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Preet Jain: Will the government give quotas to everyone?

Shehzad: HF does not require a quota.

Preet Jain: No, I mean R32.

Shehzad: Everyone will receive R32 quotas. Whoever complies with the process that has been followed will receive a quota.

Preet Jain: Is the baseline of GWP and that {? 32 to R22 ?} gas production such that you are sure you will also receive a quota for R32 manufacturing?

Shehzad: Until the government declares it, everyone is hopeful, including those who say that they have received a quota. It is only when the government issues the quota that everyone will know what they have received.

Preet Jain: I want to understand one final point regarding R32 demand. Competitors have said that R32 is in massive demand and that they will utilize their plants fully within 2–3 quarters. Do you share the same view on R32 demand? Is domestic and export-market demand for R32 strong, with clear visibility?

Shehzad: Let us put it this way. Regarding current demand, it depends on how you look at it. Realistically, as I said last time, the total requirement in India is 20,000 tons. Manufacturing capacities coming up are anywhere between 70,000 and 90,000 tons. Therefore, capacity is 4 times the current requirement.

Obviously, a significant portion will have to come from exports, blends, tie-ups, and similar opportunities. On January 1, 2028, China will have a total reduction in its GWP quota of about 1 lakh tons. China currently has about 8 lakh tons of GWP. At 15%, it will reduce by 1,20,000 tons.

Preet Jain: Okay.

Shehzad: India's total additional capacities are not more than 50,000 tons. You can therefore see how it will play out globally. 2027 may not be a significant year, but from 2028 onward, you will see the effect taking hold very well.

Preet Jain: Understood. So will your plant be fully utilized next year?

Shehzad: You also have to understand the GWP market. What people are not understanding is that most of the plants are swing plants. Many plants that manufacture R32 can also make other products, such as R125 and R134A. It depends on how the plant was designed to switch between products.

Everyone is rushing to manufacture R32. If R32 becomes unprofitable, but more capacity has shifted toward R32, higher-GWP products such as R134A or R404A may suddenly have fewer manufacturers, and their prices may rise significantly.

Then everyone may suddenly switch production back to those products. Therefore, capacities are not stagnant. Today we may say that there is 90,000 tons of capacity, but suddenly India may not

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have 50,000 tons of R32 capacity because people have shifted to other products in their swing plants.

It is not a straightforward comparison on an equivalent basis.

Preet Jain: Understood. Thank you, sir.

Shehzad: Thank you.

Operator: Thank you. We have the last question of the day from Mr. Pradeep Patel. Pradeep, you can unmute and introduce yourself.

Pradeep Patel: Hi, sir. Can I be audible?

Shehzad: Yes, you are audible. Please go ahead.

Pradeep Patel: Have you applied for consent to operate to the Rajasthan government for our R32 plant?

Shehzad: Whatever regulatory requirements are applicable are currently underway.

Pradeep Patel: Okay, sir. That was my question. My other question has already been answered.

Shehzad: Thank you.

Operator: Thank you. I would now like Mr. Shehzad to give his closing remarks.

Shehzad: Thank you, everyone, for the confidence and support we have received from all our investors, shareholders, and stakeholders.

For us, 2026 is a defining year. The Bhilwara facility will completely change the company from where it is today and influence the trajectory it follows going forward.

We hope to meet and update you all next quarter on the progress we have made. We may also have a few visits from investor groups so that they can see the facility and review the progress.

More importantly, we are focused on meeting the timeline we have committed to. Our entire endeavor and all our work will be directed toward that. We hope that by the next quarter and the end of the year, we will have completed whatever we set out to do. Thank you.

Operator: Thank you. This concludes the Q1 FY27 earnings call of Stallion India Fluorochemicals Ltd. Participants with any further questions may contact the investor relations team at Confidlip at info@confidlippartners.com. You may now disconnect.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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