Management Discussion

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Thank you and good evening everyone, and a warm welcome to Stallion India Fluorochemicals Limited Q2 and H1 FY27 earnings conference call. During the first half of FY27, our revenues from operations stood at Rs 257.48 crores, registering a year-on-year growth of 19.18%. Total in income increased by 22.07% to Rs 264.05 crore. Operating EBITDA before ESOP expenses stood at Rs 41.10 crores, reflecting growth of 36.39%, while operating PAT before ESOP expenses increased by 40.16% to Rs 30.53 crores. For Q2, Revenue from operations grew by 28.86% to Rs 136.03 crores.

However, growth in operating EBITDA and PAT before ESOP expenses remained relatively modest at 0.43% and 4.78% respectively. The results also include an ESOP expense of Rs 9.51 crore, which is a non-cash accounting provision charge only. From an operational perspective, one of our key developments has been the commencement of operations at a high-priority helium facility at Kharagpur in September 2026. Within, uh, the facility positions us to cater to demands from sectors such as semiconductors, electronics, healthcare, aerospace, and advanced research.

Our Mumbattu facility in Andhra Pradesh is also part of our ongoing expansion plans and will strengthen our presence in South India. Particularly in the HFO blending and debulking and blending and storage facilities. At the same time, we are progressing with a proposed 10,000 metric tonne R32 manufacturing facility at Bhilwara, Rajasthan. This project is an important step towards backward integration and is expected to strengthen our manufacturing capabilities and supply chain over long term. Beyond these projects, we continue to explore opportunities in next-generation HFO refrigerants, high-purity helium, and other specialty gases.

A broader objective is to gradually increase the contribution of higher-value products to our business. Going forward, our focus will remain on disciplined execution of these projects, expanding our product portfolio, and improving operational efficiencies. We believe these initiatives can support our long-term growth and profitability plans. I would like to thank all our investors and stakeholders for the continued support. I'm happy to take your questions. Thank

Operator
You. Thank you, sir. Participants are requested to raise their hands for their questions. Also, one can request their questions in the question box. We will wait for 2 minutes for the queue to form. We have a first question from Mr. Gaurav Shukla. Sir, you may unmute and proceed, and I request participants to limit questions to 2.

Questions & Answers

Gaurav Shukla - Analyst
Sir, I'm audible? Yes, sir. Just, I want to know, sir, the commissioning of 10,000 metric ton Bhilwada plant timeline, sir.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Uh, we expect to have all trials, everything completed by March, and from April we should have the Uh, production is the current plans.

Gaurav Shukla - Analyst
This

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Was, this was projected to have been started by December, October to December. Uh, the original plan when this was put forward, the paper when this was put forward, was in October, and we were supposed to have received monies by December. However, due to high volatility, uh, funding plans had got delayed. Funding was received in April, work was started in April, so the project moved up by 3 to 4 months.

Gaurav Shukla - Analyst
But sir, in PPT this is so that land acquired and construction will be started in, uh, in '27 something. In '26,

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
In '26 the land was acquired already, the work was supposed to have started full scale, the funding came in late. So we, we had a late start. The project is on- project is on schedule. It is- it was scheduled to be completed within 12 months. Normally, a chemical process plant of this type for a greenfield project, a minimum time span of 24 months is required. Fastest, like if you ask any Chinese company also to set up, they say 18 months. We have done a greenfield project from barren land with no permissions or anything to completion in 12 months.

If we complete it in time, it'll be a record of of its kind.

Gaurav Shukla - Analyst
Okay, sir. In last con call, I have asked sir. Then you said that in January it will its revenue is coming Q4. Then sir, no there is no idea at that time that it will. Delayed means continuous, sir. The first time I have listened, that is timing July, then October, then January, and now, sir, you are saying that March. Then that is different. Soon as we,

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
We had expected that we should have been able to have a startup by December, and, uh, meaning, uh, production in the first quarter. Like, by February, we were expecting we should have had the production. Uh, number one, the monsoons in that area are highly disruptive in the sense, uh, all foundations that are dug, once it rains out there, it's all clay soil, clay loamy soil. You have to redo the whole thing all over again, meaning there are certain unexpected challenges that came about which disrupted the timeline.

However we are very much well within timeline, we don't see any further delays.

Gaurav Shukla - Analyst
Okay sir, thank you sir and second question sir, helium is in this Gaurav sir, Gaurav

Operator
Sir, I would request you to kindly join back the queue since we have limited time from the management and there are many We have a next question from Mr.

Gaurav Shukla - Analyst
Ashish.

Operator
Sir, you may unmute and proceed.

Ashish Parikh - Analyst
Sir, you spoke about the bilwara. You are doing record time. So what different things we are doing to achieve it in record time compared to even Chinese? So if you can throw some light and what challenges you are facing right now. I can understand rains and beyond our control, but What, uh, risk you are seeing and what mitigations you are doing right now. If you can throw some light on that, that will help.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Yes, uh, basically, uh, number one, usually when a work is given of this magnitude, uh, the promoter, the management usually do not interfere. It is given to a project management team and the project management team will continue at their pace. And they will do it 5 days a week. I am personally at Bhilwada, personally leading and checking the timelines, etc. Wherever we find the delays, if we have to pump through anything, enhance any measures, etc., they're done on a timely basis. This kind of personal intervention is usually not there in any of these big projects.

That is the cardinal difference that comes about that allows us to meet this timeline. Second, uh, unlike most work sites, this we have run round the clock. We have had 2 competing teams of, uh, uh, the people working on a 12-hour shift. So the first, uh, 8 to 10 hours they finish, there's a break, and then the next shift starts. So it's working round the clock. Both these things together And most importantly, myself and senior management being at the site and leading it, it makes all the difference.

That's what allows us to do it in that record time.

Ashish Parikh - Analyst
And any risk mitigations which I asked in that first question itself, can you throw some light? What are the challenges you're facing and how are you mitigating? I'm trying to understand that piece also.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
See, uh, Rajasthan has been a beautiful place to work in. Like I said, people have asked me many times about why we chose Rajasthan. A very forward state. The, uh, how to say, the bureaucracy and the political, uh, setup is very positive towards business. So we do not face any challenges in terms of any permissions and any kind of, you know, wherever we need any support, whether we turn to the electricity departments or we turn to the local, uh, administration or anywhere. We have had absolute complete support out there, meaning it has been a dream to work in that state, uh, has been our personal opinion.

And that is why all other investments also will be in Rajasthan onwards from our side. Um, we don't find any challenges in terms of any kind of, uh, regulatory issues or anything. In terms of planning for plant and machinery, etc. We have, we have come to a close on all construction activities. Just, I

think, the mopping up, uh, activity is there right now. We have started the plant and machinery install- installation work. As such, we do not, meaning, foresee any difficulties or any delays or anything from any of the items.

All plant equipment, everything is at site. So that work has commenced. So basically, whatever had to be mitigated in terms of, uh, like, you know, ensuring the timely arrival of materials, timely arrival of design changes, parameters- a lot of design changes did take place, which also delayed, um, uh, you know, though we had planned, uh, uh, we started late, we still had maintained the plan to complete it by December. A lot of design changes took place, uh, requiring the requirements due to Indian working conditions.

So you have to understand, it's a design team, it's a technology transfer team which are working remotely, and they work as per international standards based on which the plant is conceptualized and designed, etc. So when you have- when you have to meet it with the Indian requirements. Like, say, for boilers you need IVR certifications, you know, for pressure vessels, etc., you need PESO certifications. Some of those certifications are not available internationally, so then your design changes and, you know, your whole plant is designed based on foreign equipment or foreign parts that are going to fit into things, and then they don't have the certifications required as per regulatory requirements of our country.

So we have to follow the regulatory requirements, and hence design changes take place. These are the things that slightly delayed. Other than that, most of the risks, most of the issues that came up were foreseen, were anticipated, and mitigated also, including the Gulf crisis that is underway, including a lot of, uh, uh, you know, transport issues, etc. So most of the things were taken care of.

Ashish Parikh - Analyst
Okay, the second question is, uh, you spoke about some guidance of, I think, Rs 1,000+ crore revenue, if I recollect, in last or earlier con call, and yes, in 15% PAT. And I think you spoke about working capital, so also there might be some requirements. So is that guidance still intact? And working capital, are we planning to raise some funds, uh, for next phase of growth? I just want to understand that piece.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
If you go back to all my calls and all whatever statements I have made, we have met each and every commitment or any statement that I've done. We have always met the commitments that we have always given. Now basically, at the start of the year when you give a projection of what your income would be or what your growth would be, it is a projection It is a plan. Basically, you, you can achieve it, you may not achieve it due to certain conditions. Like for this year, current year, we had given a projection of the figures I am telling you.

I had given, when asked what, what would be the growth, I said it would be 500 crores. And if we have 32, we will have a 30% year-on-year. In one quarter, we will have 30% year-on-year growth. 30% means 560 crores. Now these are the 2 figures that I had projected. Obviously we will not have 32, so the figure of 500 crores as the growth, uh, would be in effect. However, wanting to ensure and make sure that whatever we speak becomes a form of a commitment and not loose talk, our target had moved up to 560 crores itself internally.

And going by the current, uh, first half year, what we have achieved, and the next half year being the stronger year, we feel we will meet the commitments even without R32 of what we had projected,

30% year on year. Now, uh, the PAT also, it has kept in pay- in line with what we have spoken, um, for the current year. Meaning in this quarter there was a little, uh, I understand confusion with people that the PAT is lower. Uh, the ESOP is not an expense, it is not a payout. Company doesn't have to pay anything, company does not lose any money, there's nothing.

It is a provision for accounting provided as per the current and latest standards. There's a- many times you, you do have a choice where you can roll it over to next year. In transparency, we do not want to do any such thing. In the current year, as per regulations, is when we will declare it, and it has been declared. So meeting the revenue targets, we are online with everything. The next year, again, 30% growth with 32 coming into effect. The next year, 30% growth also will be there. So company is very much in tune with whatever it has Projected, and we will meet whatever we have said we would do.

Ashish Parikh - Analyst
So is it a confirmation thousand crore next year and working capital? Yeah,

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Ashish

Operator
Sir would kindly request you to join back the queue. No, no, I think he didn't

Ashish Parikh - Analyst
Answer. I'll just

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Reply. I'll just reply to you. Five fifty, five sixty is what would have been the turnover with R thirty two this year. We hope to achieve it even without R thirty two this year. Next year, if R32 starts up, 10,000 tons, even if we do, I'm saying, 7,000 tons, so it would add another, uh, say, 350 to 400 crores. So, and normal growth, 600 plus 400, 1,000 crores, I think we can achieve very easily.

Ashish Parikh - Analyst
And working capital question?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Working capital, we, we may require, we may not require. We may require capital also in terms of currently as working capital onwards as the CapEx for the, uh, HFO plant that is planned after this plant is completed. So we may look at raising capital for it, we may look at debentures also, we may look at going down debt also. That is not decided yet. As it's decided, it will be communicated.

Ashish Parikh - Analyst
Okay, sir, thanks and all the best for the future.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Thank you.

Operator
Thank you. We have our next question from Mr. Arindam Dutta. Sir, you may unmute and proceed, and I request participants to limit questions to 2.

Arindam Dutta - Analyst, Individual Investor
Good afternoon, sir. Can you hear me?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Yes, sir.

Arindam Dutta - Analyst, Individual Investor
Okay, sir, so, uh, since it is, uh, you said that R32 plant is postponed till next year April, so does that I mean, since Mambattu plant is a complementary plant of, uh, Bilwara, hence, uh, can I assume that Mambattu plant also there will be no revenue add-up in this year? That is my first question.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Yes,

Arindam Dutta - Analyst, Individual Investor
Go ahead, please.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Go ahead, go ahead, go ahead. That

Arindam Dutta - Analyst, Individual Investor
Is what I'm saying. Like, yes,

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Uh, see, R32 has been delayed. It's not delayed, actually it's a late start, and completion on time, but we do not expect the revenues to come in this year, financial year. Mamba 2 is an HFO blending plant primarily, number one. It has been expanded to helium, it has been expanded to hydrocarbons, it's been expanded to host of other things. We are- we have developed the entire facility, the entire acreage. We did not want to start and then have expansion onwards which shuts down the plant. So as a result, that, that plant completely got redesigned.

The scope of the plant is almost double in, in cost. So we have completed- most of the work is completed. All the construction work is over, barring a little, uh, the office building, etc. Other than that, everything is completed. Uh, Mombatu would require 32, 60% of its production requirements. So it, in a way, it is complementary to our current plant being set up. It is not dependent on the plant, but it is very much complementary because the real scope of that plant would come out along with this production.

So Mamba 2 also would be completed in Q1,

Arindam Dutta - Analyst, Individual Investor
Which means there would be no revenue add-up for, uh, this year. Okay, that's No, yeah,

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
See, first thing is you need to understand revenue targets that we have set, we are achieving the targets, number one. Now, number two, the revenue growth that would come from Mumbattu currently, uh, that is projected to move up into Q1 of '27.

Arindam Dutta - Analyst, Individual Investor
Right, no, okay, I mean, I understand, sir, there is some constraint. Or only my concern is like our dilution is going more faster than our PAT growth. I mean, that is what my concern is. So my second question is, sir, uh, like in this quarter, uh, I was checking that, uh, none of the quarter had a material cost of 86%. So is that something material loss have due to this geopolitical issue, or I mean anything else? No, no,

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Loss of which 85% were in this quarter,

Arindam Dutta - Analyst, Individual Investor
Are the material cost I'm talking about, sir. It is always like 74-76%, so the GPM is around like on that level, 18-20% or something. But this, this quarter, uh, the material cost itself is showing like, uh, 86%, so The GPM has gone down to 14%, right?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Uh, it- see, last quarter was not- last quarter was the abnormal quarter. This quarter is the regular quarter. Last quarter, what- last quarter, what had happened, yeah, is the quarter ended in July in which we had spectacular earnings, etc. Um, at that quarter, I had already informed you all that this- take this as a windfall. Uh, one-off. It don't- it's not the norms. It is not going to repeat in the next quarter. That was better. That, that was better planning. So that was the abnormality. This is the normal.

Arindam Dutta - Analyst, Individual Investor
Okay, so, uh, so in that, uh, so in this context, like, our, uh, fundraising for HFO also would be, uh, delayed till next year. Year, uh, right? Or it would be going, as you said last call, it might be December, January, uh, '27.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Sorry, which one?

Arindam Dutta - Analyst, Individual Investor
At the HFO, uh, plant. So the fundraising decision would be made maybe sometime.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
The plan- the plans are already underway. The environmental studies, etc., have initiated for that, uh, after we start this plant. We will start, and once this plant is complete and production has started, we will initiate activities for that plant after stabilization of this plant and smooth running. 3 months

or 5 months is when the work on that plant would start. We would not take up 2 activities simultaneously.

Arindam Dutta - Analyst, Individual Investor
Correct. But regarding the fundraising, it would be, uh, Q4. This year or Q1 for the HFO?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Like I said earlier, meaning it's still under decision-making of how, how we would be going. We either- we may raise funds through a QIP preferential, or we may go raise debentures, or we may go down debt. It's not decided yet. As it stands, land is acquired, sir. Land is acquired, boundary wall is made, everything, everything is done. We cannot do work on that for the simple reason till you don't get the EC, you don't start work on the property. But land is very fully acquired, uh, the boundary wall is done, the security cabins, all that work is all over.

Arindam Dutta - Analyst, Individual Investor
Okay, so in this context, like, I have another question.

Operator
Uh, would request you to

Arindam Dutta - Analyst, Individual Investor
Go back to the queue. Thank you.

Operator
Thank you. We have a next question from Mr. Ashish Parikh. Sir, you may unmute and proceed.

Ashish Parikh - Analyst
Hello, am I audible, sir?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Yes.

Ashish Parikh - Analyst
So firstly, these ESOP expenses that we had last quarter, were they one time or will they continue for some time in the coming quarters as well?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
The next 2 quarters will see an equal, uh, meaning this was actually the ESOP expenses. It's not an expense. The company does not pay out anything. The company has no expense. The money remains in the company. Nothing goes anywhere. It is as per accounting standard. The debit credit has to be shown somewhere. So basically, it it is just as per the accounting new accounting standards. The provision for the ESOP was shown. There is no payout by the company. The company's account does not reduce by nine crores or anything.

It is just in the profit, the accounting, uh, provision is provided, number one. So that is one, and that is, uh, that was 9 crores was for 2 months, not 1 month. We were supposed to have shown it in the first, uh, first quarter. The calculation and the third-party, uh, documentation for it had not come in.

So in the second quarter, it was shown for 2 quarters together. It's not one quarter. And in the next quarter again, next 2 quarters again, it will be shown. So 4.5, 4.5 will go in the next 2 quarters.

4.75? No, that's it. That's all.

Ashish Parikh - Analyst
So next 2 quarters we'll be having it enough that it, it will discuss that.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
You see, whatever your ESOP expenses provision that have to be passed, have to be passed in that one financial year. It's not spread over 2-3 years. So it's in that one financial year, whatever the amount was is divided into 4 quarters and provisions are passed.

Ashish Parikh - Analyst
Okay, sir, understood. So secondly, sir, we understand that there the delays have been caused by fundraise and many other things which are out of your control. But now, sir, how confident and realistic are we in concluding both the Projects R32 and Vamba 2 by March?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Very confident.

Ashish Parikh - Analyst
So there have been repeated increases of timelines. So, so kindly give us a realistic timeline so that-

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Realistic timeline is by March we would start the trials of that plant.

Ashish Parikh - Analyst
My best wishes, sir.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Thank

Ashish Parikh - Analyst
You. Thank you so much.

Operator
Thank you. We have a next question from Mr. Paras Chheda. Sir, you may unmute and proceed.

Paras Chheda - Analyst
Yes, sir. Uh, thank you so much for this opportunity, sir. Uh, I just wanted to understand, sir, in terms of our PAT margins, now one is of course this, you know, accounting for this, uh, Uh, ESOP that has been provided. So if you just exclude that and, you know, pre-provisioning profit margin for the full year, shall we expect that at 10%? Is there any Middle East, you know, Gulf disruption that is causing any kind of a profit margin erosion?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Uh, definitely the Gulf issue has been a severe strain, meaning we had a lot of material coming in from the Gulf also. Uh, number one, the price impact has been as high as 10 to 20% out there. Second, the effect of the Gulf crisis has been a general price increase overall in freight and everything, compounding by over 20%. So profitability has been very much hit by these factors, number one. Second, also the factor that is hitting the thing. You have to understand, this is the last quota calculation year.

We are in a period where the quota- the import quotas, the HFC quotas for India are going to be set. So '24, '25, '26 are the 3 quota calculation year in which the total sum of imports divided by 3 becomes your quota for that onwards for next 20 years. Now For this reason, everyone tries to maximize their sales and maximize their import, as such leading to a heavy selling pressure. This, this is, I think, a bigger issue than the Gulf crisis also. And in spite of all this, having mitigated, uh, foreseen, mitigated, taken provision, you know, make- making provisions for everything I think we have done a spectacular job.

Our team has really worked, uh, wonderfully during this time. It has been one of the most trying times, if you ask me, of our, uh, you know, current, uh, times. And we have come out, I think, admirably well.

Paras Chheda - Analyst
All right, sir. So I mean, just, you know, in terms of a little bit of, you know, quantification. So you've mentioned, you know, about Rs 560 crores will probably be achieving for this year. And potentially maybe even Rs 1,000 crores for next year basis, R32 commencing operations. So just in terms of therefore PAT margins, again pre-ESOP, you know, expenses, uh, can we expect about 10% for this year and next year, or this year could be a little bit lower margin? And yeah, no, I'll,

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
I'll explain. See, currently, number one, we do- meaning, uh, From accounting standpoint, yes, the ESOP expenses pulls the margin down. But technically, if you look at it in a rational way, it's not the expense, it's not a payout, it's nothing. If you check the EBITDA, you check the PAT, are we on track as per what we have discussed, as per what percentages we are talking? We are very much. Number one. Number two, whether we'll meet this year and next year? Yes, we will meet this year and next year.

And third, in terms of margins, the company has been working in a very concentrated manner how to grow above what- where we are currently. All the products, all the new ventures, all the new plants, everything is intended to pull the margins significantly higher. Like the Bhilwara facility is expected to pull the margins to 22%. The PAT margins. The helium facility will move it up by 15%. The Mambattu facility should move it up by 15%. More importantly, after the quota year gets over, that means after '27, from '28, all import will be against a fixed quota only.

In '27, the quota for the country and for the individual companies would be announced, in which we expect Stallion would be a dominant player. Which would result in much higher margins even in the current business that we are in. Meaning from '28 onwards, we expect this business also to move up to 15%. Okay,

Paras Chheda - Analyst
So a blended PAT margin you would expect about 15% for next year basis?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Yes.

Paras Chheda - Analyst
Which implies, I mean, about Rs 150 crores of PAT,

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Which implies 15% for that revenue that comes from that business.

Paras Chheda - Analyst
Okay, for that business. So I'm saying console, uh, PAT margin, blended margin for next year, for FY28.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
See, it's, it's like this, uh, for, uh, we expect- we have projected a revenue, total revenue for, uh, the plant, uh, Bilwara plant to be at 22%. So in a turnover of Rs 1,200 crores, we expect Rs 600 crores will come from that. So 50% of your margin would be there. For your blend, for your HFO blends and helium, we put about Rs 200 crores as the thing that would be at 15%. The rest of the turnover would be your regular business, which would be at 10%. So the averaging of this would be what your projected PAT is.

However, like I said, post-'98, even the regular business, we expect the PAT to move up significantly because then there would be, there would be an import restriction. No, only people with the quota will be permitted and We expect stallion to have more than 50% of the country quota. So we'll become a

Paras Chheda - Analyst
Dominant player on that. We'll be

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
A dominant player,

Paras Chheda - Analyst
Right, sir? And sir, just last query, man. You had an ambition of about Rs 2,500 crores odd by FY30.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
We have ambition of Rs 3,000 crores.

Paras Chheda - Analyst
Yeah, I mean, so, okay, so by FY30, is that probably still on track with a lot of these things of course up in the air? But yeah, I mean

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
In

Paras Chheda - Analyst
Terms of cases, let's

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Put it this way. I cannot, I cannot aim for 2,000 crores and hope to achieve 2,500 crores. I can aim for 3,000 crores safely. I'll achieve 2,500 crores plus. I may be able to meet my target and reach 3,000 crore also by

Paras Chheda - Analyst
FY30.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Yes.

Paras Chheda - Analyst
Okay, okay. Thank you so much,

Operator
Sir. Thank you. We have a next question from Mr. Darshil Jhaveri. Sir, you may unmute and proceed.

Darshil Jhaveri - Analyst, Sapphire Capital
Hello, uh, good evening, sir. Thank you so much for taking my question, sir. A lot of my questions have been answered, so just wanted to know, like, once the all plants start firing in March, right, what's the rough trial time that we require. So, you know, can they start contributing to revenue from Q1, or is it like a 3 to 5 months period for your trial and approval? So what is the, uh, you know, timeline for that, sir?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
The current projected- what we are working towards is by March we should conclude the trials, by April we should have the production out. When you have the production out in a chemical process plant, it goes by numbers. So if you've got 4 reactors, or you've got 2 reactors, 6 reactors, you cannot start all together. One will be started, second will be started, third. So it'll be in a phased manner. So in April you will have a phased move up of production. By May, which should stabilize and be 100%.

That's how it works. But it should not be later than May.

Darshil Jhaveri - Analyst, Sapphire Capital
Oh, that's great, sir. So in general, roughly, so, uh, I understand, uh, what's the working capital requirement once we reach roughly Rs 1,000 crores? I am not asking for a mode of financing, but just a rough like what's the, you know, figure that you would have like required? Because if it's a 120-day, 130-day working capital cycle, that's the fair way to answer. What's the fund requirement

that you will have,

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Sir? We would estimate that we would require- see, currently because of the current, uh, quota year and the closure of the quota year in December, we would have the maximum input incoming materials in December and November, which would spill over into February. So firstly, all our money would be blocked in that. At the same period, we would have to start up the 32. As such, we would require 150 crores as a working capital for that, number one. Number 2, once this material is liquidated, again we become cash surplus.

As of right now, the company has got Rs 120 crores of OD with the bank which is not used yet. So that money is also available. So basically, uh, we're just seeing- we are working on this. Thirdly, as soon as we start the startup the plant, by about, uh, July-August, we would be looking at, you know, starting work on the next plant once this stabilizes. So again, the CapEx requirement of Rs 200 crores would be there. So What we see is this would be this 150-200 crores would be like an overlapping requirement to bridge in the working capital currently and then move towards the capex of the next plant.

Darshil Jhaveri - Analyst, Sapphire Capital
Okay, fair enough. So just the last one last point from my end. So just a small suggestion if it's possible. Once the trial productions are done, we can have a you know small factory visit if possible. And sir, if possible, sir, you know if we could do a con call before. Like just after our results are declared, that would also be you know slightly helpful because all the everyone would have the same questions, right? So that's a small period of uncertainty. What's happening? Why is happening? So if possible, that would be really helpful as an investor company.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
I I wanted to have this call much earlier. I was told to keep it later that many investors are traveling. They're not there. No, sir. We'll join.

Darshil Jhaveri - Analyst, Sapphire Capital
Sir, we are very interested in your company. People will read the transcript.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
I will make sure the next con call is immediately, as soon as it's, uh, regulatory possible. I'll make sure it's in the immediate next, uh, this.

Darshil Jhaveri - Analyst, Sapphire Capital
Yeah, yeah, okay. Thank you so much.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
The, the plant visit we are planning sometime around December or January, as soon as the cleanup is done, because we cannot have any construction activities when we have a plant visit being done.

Darshil Jhaveri - Analyst, Sapphire Capital
So as

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Soon as that is done, we, we will not be waiting till May or April or something. We'll be planning immediately as soon as the cleanup is concluded.

Darshil Jhaveri - Analyst, Sapphire Capital
Okay, fair enough. So thank you so much. That's it. Thank

Operator
You. We have our next question from Shri Atindra Naik. Sir, you may unmute and proceed.

Atindra Naik - Analyst
Hello, amountable.

Unidentified Speaker - Unidentified Speaker
Yes sir

Atindra Naik - Analyst
So my question was regarding HFO basically so what is the demand and capacity of HFO in India currently and specifically I am talking about the HFO capacity of the Bilwara plant is we currently

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
The Bilwara plant has no facility for HFO as of right now Second plant that is being planned. Number one, the requirement in India is growing. As, as we move into 2028, the quotas will kick in. The price of the normal HFCs will move up. The price of HFOs will move down. So there'll be a major move towards HFOs at that time, number one. Number 2, in '28, the first, uh, in, uh, international cut for the developed nations would happen, in which there would be a major 15% reduction in the global HFC quota.

As a result, it'll stress the cost more, and you would see significant- the move to HFOs would be very fast, accelerated after '28. From '28 to '32, it'll be accelerated. Current requirement in the country is low. It should be about anywhere between 500 to 600 tons. This would quickly move up to over 2,500 tons, and thereafter it would, it would be like replacing the HFCs. So the move would be pretty, uh, pretty much fast.

Atindra Naik - Analyst
Okay, thank you.

Operator
Thank you. We have a next question from Mr. Virat Shah. Sir, you may unmute and proceed.

Virat Shah - Analyst
Hello, am I audible?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited

Yes, sir.

Virat Shah - Analyst
Yeah, uh, so I wanted to ask that, you know, last year in FY26 we first time got like CFO positive, and I think this year we have went, uh, due to the increase in the inventory and the, uh, receivable cycle. So if you could help me explain why were these 2, uh, you know, like what was happening basically in the inventory and the debtor days?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
I didn't understand. Can you just, uh, rephrase it?

Virat Shah - Analyst
Uh, basically, basically, as of FY- I mean September 26th, our CFO turned negative, uh, after turning positive. Cash

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Flow turned negative.

Virat Shah - Analyst
Yeah, yeah, yeah, cash flow from operations. So wanted to understand what was going in inventory and debtor days behind it. Okay, this-

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
I'm happy you asked this question. Someone about, I think, uh, uh, 3-4 earning calls earlier, somebody had asked me this question about, uh, cash flow, negative cash flow. At that time I had said I am not accounts person, I would find out the details and get back again. And after that, I think it, uh, on the net it went on that, you know, we don't know, and we don't know what is happening. Now basically, please understand, sitting in the position I am, I definitely understand what is cash flow, the reason for the negative cash flow, and the inherent reason of why and what is what I wanted to get into.

Now basically, cash flow is not a true reflection of anything in the sense, uh, the reason why we were negative was during that period- please open our balance sheets of that period and check We followed a standard that at the end of the quarter we will keep no creditors. Even if that person has supplied one day before and we have 60 days credit, we will pay out everything to check the inherent strength of the company, financial strength. We were paying out every single creditor. There was zero creditors during that period.

Your cash flow was negative, so everyone raised the noise about negative cash flow. We stopped that practice. We allowed the creditors to be there. Cash flow back to positive, meaning nobody bothered to check whether there's no outstanding expenses, there's no outstanding creditors, there's nothing outstanding. Everything has been cleared off the balance sheet. The company is absolutely clear of any charge. Nobody bothered to check that. They just said it's negative cash flow. So we stopped that practice and we, we started following the normal practice.

The cash flow moved back to positive.

Virat Shah - Analyst
Uh, but I think in September '26, because of the increase in inventory and the debtor days, we again moved back to, uh, negative. So like, is that- again,

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Uh, I do not understand how anyone is checking the health of a company by the cash flow for the simple reason For a particular reason, if inventory is enhanced or if a huge sale order is there and a debtor has- the debtor, this has increased significantly. Meaning what I'm trying to say is just 2 days before the end of the quarter, we have a massive order of Rs 25 crores and we, we take the order. The payment is going to come afterwards. It is obviously going to come onto your cash flow as negative only.

Or suppose like for the last quarter where we had a phenomenal Rs 20 crore PAT, how did that happen? We boosted up the inventory anticipating that this problem is going to happen, and when it happened, we were there. The company enjoyed the benefits of its foresight and planning, but at that time, because of that higher inventory, you would be in a negative cash flow scene. So the cash flow is not 100% a way of judging the health or performance of a company. You have to see it in a totality, is what we believe.

Virat Shah - Analyst
Understood. Okay. And secondly, regarding the cash that you have on the balance sheet, I mean, I was not able to get that. So if you could just run me through where the cash will be required over the next 1 year, uh, because I wanted to understand the plans of fundraise. If required, and if yes, then by the means of equity or debt? Like, what would be the plan over there?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Okay, about 200 crores, uh, about 160 crores was raised in the IPO. 40 was the OFS. The 160 was raised for 2 projects. Once most of the amount, that IPO amount, is totally spent out in the Mambattu project, we are still short of about 10 to 15 crores, uh, that would be funded from company internal accruals because we had expanded the project beyond the IPO mandate. Um, number one. Number two, the fundraise for the Bhilwada in the rights issue, that whole money has almost been spent. I think about 50 crores remain, which will get spent in this month.

So, uh, both the fundraisers that were done have been completely utilized for both the projects for which they were earmarked. Remaining the company's, uh, internal accruals, the PAT, etc., that has been generated. That is, the company is in a continual 30% growth. You're going to require the funding in-house itself. So that is what's sustaining the growth, number one. Number two, right now for the '32, when we are starting up, uh, there would be requirements for working capital. We have not taken any money for working capital.

So, uh, that is going to be there. There is some cost overruns in the 32 also in this Bilwara project, about 40 crores is overrun, which is currently internally funded. Uh, the overrun is on basis of having the ISO tank containers. The company has purchased over 90 containers and additional equipment. You're going to require containers to move your material around globally, number one. Number 2, you will also require containers for incoming raw materials. So what we felt was, it is rather than leasing out or paying a higher charge, etc., the company should own that- those containers.

It gives you a far bigger leverage. So that's where the money is.

Virat Shah - Analyst
Okay, so with approximately 300 here on the balance sheet, we won't require any fundraise, right? For that, at least for the next year. With the plans that we have?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
No, we would require about Rs 200 crores is what we anticipate. We also have expansion plans ahead. So currently it, it, it would help bridge the shortfall in working capital, and as that stabilizes onwards, that, that same funds could go onwards too for the CapEx of the next plant.

Virat Shah - Analyst
Okay, so debt, right? Fundraise?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
We have not- we are not really clear. It's like, like I said, uh, We might go down the QIP or, uh, preferential route. Definitely not a rights issue. And,

Virat Shah - Analyst
Uh,

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Meaning I'm not ruling it out, but if you're asking me, I would- that's not what we would go for. We could go for debentures, we could go for debt also.

Virat Shah - Analyst
Okay, understood. Thank you. All the best.

Operator
Thank you. We have our next question from Mr. Umesh Gandhi. Sir, you may unmute and proceed.

Unidentified Speaker - Unidentified Speaker
Hello,

Operator
Sir, you're on mute. Kindly unmute and proceed with your question. We will proceed with the next question. We have a next question from Mr. Hemal Javeri. Sir, you may unmute and proceed.

Hemal Jhaveri - Analyst
Hello, sir. Thank you for taking my question.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Can you speak louder? I can't hear.

Hemal Jhaveri - Analyst
Yeah, thank you for taking my question.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Yes, sir.

Hemal Jhaveri - Analyst
Uh, uh, can you hear me now?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Yes.

Hemal Jhaveri - Analyst
Yeah, so sir, just want to check, your balance sheet has around 160 crore of other current assets, so what are those?

Unidentified Speaker - Unidentified Speaker
Other current assets, one minute.

Hemal Jhaveri - Analyst
Yes please. Debtors increase from 22 crore to 160 crore.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Firstly, it would be, uh, all the capex increases in all the plants, number one.

Hemal Jhaveri - Analyst
Okay,

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Uh, number one, but I'm just checking.

Hemal Jhaveri - Analyst
No issues. Is it a capital advances or something like that?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
No, see, we raise funds for the capex, right, for the Mambattu plant, for the helium plant, for the current plants.

Hemal Jhaveri - Analyst
Okay,

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
So all those would come onto the balance sheet. No,

Hemal Jhaveri - Analyst
No, no, I can understand because your negative cash flow is coming majorly due to that, uh, balance sheet item if you look from the cash flow perspective. So just thought to understand that.

Unidentified Speaker - Unidentified Speaker
Just one minute.

Hemal Jhaveri - Analyst
No problem.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Yeah, I just checked it. Hello?

Hemal Jhaveri - Analyst
Yes, sir. Sure.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
This is capital advances given for towards the Bilwara facility, 129 crores given for the, uh, what you call EPC contract. And are there other advances given to suppliers, etc.?

Hemal Jhaveri - Analyst
So these are

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Primarily coming from that.

Hemal Jhaveri - Analyst
Understood. Okay, no problem. Thank you for my question.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Yeah,

Operator
Thank you. We have a next question from Mr. Nanda Doolal Janna. Sir, you may unmute and proceed.

Nanda Doolal Janna - Analyst
Thanks for the opportunity. My question is, uh, many peers companies are also coming up with R32 and HFO. So how we are positioning ourselves for the export opportunities?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
We may not need exports. Hello? Uh,

Nanda Doolal Janna - Analyst
Yeah, yeah,

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
It's- see, basically, uh, the requirement in India is 20,000 tons. The installed capacities in India that

are supposed to come up are 80,000 tons. That means 25% only uh, technically would be required in India, 75% would need to be exported, as per your understanding, which is correct. You need to understand the business little better in the sense the- all these plants that are coming up, all these capacities that are coming up, all swing plants. That means the same plant can make 32, it can also make 125, it can also make 134A, etc.

The total quota granted is based on the GWP of the product. So technically, if somebody who has a 32 plant decides to manufacture something else, maybe it's more profitable to make 125. Just giving example, 125 is 4 times the GWP of 32. So yeah, I've got a 10,000-ton plant. I say, okay, I don't make 10,000 tons of 32, I'll make 5,000 tons of, uh, say 125. It will knock off the total quota, 20,000 tons of 32 quota, number one. So firstly, the quota is not, uh, in exactly the way that everyone understands it.

It is based on the swing plants also and alternate products also that you may manufacture, number one. Number 2, I cannot speak for what others would be doing, but for us currently, uh, our requirement in India would be about 5,000 tons itself. When Mumbattu is full-fledged, we would require about 2,000 to 2,500 tons there. Would barely leave 2,500 tons for us to need to export. It's- the quantity is so small that even one of our single customers would pick up that quantity. So meaning we don't see any challenges in- meaning, uh, very honestly, we have not been very ambitious and put up over-capacities.

We have put minimal capacities. So we have, we have not, uh, stress on the sale part of the product.

Nanda Doolal Janna - Analyst
Okay, for the, uh, from the scalability perspective, then why, um, where we are seeing ourselves after 2030?

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
First thing is our 32 plants, whatever capacities everyone have, are frozen. You can have hundred-hundreds of billions of dollars, but government is not going to give you permission to put up 1 kilo more plant. So scalability ends as of whatever your capacities are at the end of this year. So that becomes your quota. You cannot exceed it. It will keep going down. It won't go up. Now it will become very profitable because each time as the quota starts getting cut and all, you will start having price jumps of 25% and 50% and 100% happening.

So firstly, it would be a very profitable business. It'll be a niche business, but it'll be limited to the size it is. The growth is going to come from companies that are going to expand into other fields and other manufacturing, etc., where you can enhance, like HFO. So when you're putting up HFO, there, there's no quota, there's no scalability issues. You can scale it as much as you want. And the alternate, the onwards, other plants that you- we have in mind and what we are going to be putting up So all that would add to the growth of the company.

32, your turnover, if you're asking, your turnover in fact will keep growing with the increase in price, but, uh, in, in the tonnage you would be restricted. There's no scalability.

Nanda Doolal Janna - Analyst
Okay, yeah, that's it from my side.

Operator
Thank you. Due to time constraints, we would now like the management to give the closing remarks.

Shehzad Sheriar Rustamji - Chairman, Chief Executive Officer and Managing Director, Stallion India Fluorochemicals Limited
Thank you. These are exciting times for the company. The close of the import quota calculation period on 31st December '26 will be a major event of which the impact and effect will be felt for the next 20 years. We expect a dominant share of the Indian import quota once the quota is declared. Thereafter, the true value of your company would be seen. The start of the Bhilwara manufacturing facility and the Mumbattu blending facility would be a major milestone for a company, and it would accelerate the growth and profitability of the company.

It would also unlock the potential to start work on other plants to be set up. For which plans have already been drawn up. As committed, the growth figures of the company will be met, uh, the ambitious targets we have set will be met, and achieving that even without R32 numbers in this current year would be met. This itself shows the strength and resilience of the company. We aim to meet all the set targets and complete all the projects by which time our company would become a major player on the Indian fluorochemical segment.

Thank you.

Operator
Thank you all for joining Stallion India Fluorochemicals Q2 and H1 FY27 conference call hosted by ConfideLeap Partners. Participants may now sign off.