



May 31, 2024

To,
K&P Law Associates,
#907, DLF Tower –A, District Centre,
Jasola, New Delhi - 110025

Kind Attn: Ms. Alisha Saini

Sub : Proposed Initial Public offering of Stallion India Fluorochemicals Limited (“Company/Issuer”).
Ref : SEBI Email dated May 29, 2024 along with your letter dated May 23, 2023 addressed to SEBI.

We acknowledge the receipt of your complaint dated May 23, 2024, pertaining to the Initial Public Offering (IPO) of Stallion India Fluorochemicals Limited (“Company”). We as the Lead Merchant Banker of the proposed IPO have diligently followed regulatory guidelines to ensure comprehensive disclosure of all relevant company-related information.

We came to know about the claim/counter-claim with your client i.e., Sanmei and the Company during our due diligence and please be informed that the statements made in the Draft Red Herring Prospectus are based on the information provided to us by the Management of the Company and also have relied on the legal advice by the legal advisor to the proposed IPO with available supporting documents. We cannot comment on the information that is provided by you through the letter dated May 23, 2024 addressed to SEBI and marked copy to us and further we do not have any authority to take any appropriate view on this. It is a business transaction between your client and the company.

Taking into consideration your letter we shall make the necessary modification in the uDRHP, RHP and Prospectus attached as “Annexure A” subject to the approval from the SEBI and the Stock Exchanges.

Yours Faithfully,

Thanking you,

For Sarthi Capital Advisors Private Limited

Taher Engineer
Compliance Officer



CC:
Securities and Exchange Board of India
Corporation Finance Department
RAC-Division of Issue and Listing –II
SEBI Bhavan, Plot C4-A, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400051.

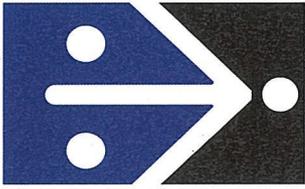
Sarthi Capital Advisors Private Limited

CIN: U65190DL2012PTC238100

Regd. Off: 411, Pratap Bhawan, 5, Bhadur Shah Zafar Marg, New Delhi-110002; Tel: 011-23739425/26; Fax: 011-23739424

Corp. Off: 401, 4th Floor, Manek Plaza, 167, VidyaNagri Marg, Kalina, Santacruz (E), Mumbai- 400098; Tel: 022-26528671/72 Fax: 022-26528673

Website: www.sarthi.in



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Annexure A

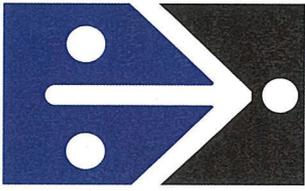
Modification in the following sections of uDRHP, RHP and Prospectus;

Sr. No	Section of DRHP dated March 20, 2024	Modified statement
1.	<p>Section II Risk Factor</p> <p>13. Zhejiang Sanmei Chemical Industry Co. Ltd. (Sanmei) have issued a notice through its Legal representative demanding USD 12,51,290.00. We are actively taking steps to respond appropriately to the notice issued by Sanmei and are prepared to defend our position in any legal proceedings.</p> <p>In the fiscal year 2021, the company engaged in multiple contracts with Zhejiang Sanmei Chemical Industry Co. Ltd. ("Sanmei"), a Chinese company, for the supply of various refrigerants such as R410a, R32, R407C, etc., filled and delivered in returnable ISO-Tanks. Unfortunately, Sanmei failed to fulfill its contractual obligations by defaulting on the agreed-upon delivery quantity and rate for the tanks. Despite repeated requests, Sanmei did not comply with the contracted supply, leading to the company falling short on its commitment to provide the specified gases to its clients, resulting in both financial losses and damage to its reputation.</p> <p>The company had decided to withhold pending payments until the complete tank quantity was delivered as per the contract. However, Sanmei's legal representatives escalated the matter by issuing a notice dated December 02, 2021 under the Insolvency and Bankruptcy Code, 2016, demanding USD 12,51,290.00. Despite informing Sanmei of the ongoing dispute and urging compliance, they refused to acknowledge the issue and issued a reminder notice. The allegations include default in delivery and overcharging based on the agreed-upon contract terms.</p> <p>The Company has vide its email dated December 23, 2023 replied to Sanmei's notice dated December 02, 2021 under section 8 of IBC, 2016 bearing no 42625/34237/CAIN21/01 and further the Company has received a rejoinder through an email on January 08, 2024 through the advocates of Sanmei. As of now, no insolvency proceedings have been initiated against the company. Concurrently, efforts are underway to resolve the dispute through negotiation</p>	<p>13. Zhejiang Sanmei Chemical Industry Co. Ltd. (Sanmei) have issued a notice through its Legal representative demanding USD 12,51,290.00. We are actively taking steps to respond appropriately to the notice issued by Sanmei and are prepared to defend our position in any legal proceedings.</p> <p>The company and Sanmei have had multiple contracts in the past for supplying gases. In 2021, the company entered into more contracts with Sanmei to supply different refrigerants like R410a, R32, R407C, etc., which were delivered in returnable ISO-Tanks.</p> <p>However, there's was a disagreement between the company and Sanmei. Sanmei's legal representatives therefore escalated the issue by sending a notice on December 02, 2021, under the Insolvency and Bankruptcy Code, 2016, demanding \$12,51,290.00. However, there is no further proceedings.</p> <p>The company responded to Sanmei's notice dated December 02, 2021 via email on December 23, 2023. Later, the company received a rejoinder notice from Sanmei's advocates on January 08, 2024. The issue/claim/counter-claim between the two parties is ongoing, and as of now, no proceedings are filed in any court of law.</p>



	and adherence to contractual terms.	
2.	Section VI – Legal and Other Information	
	<p>The Company has entered into multiple contracts in 2020-2021 with one company based in China viz., Zhejiang Sanmei Chemical Industry Co. Ltd. ("Sanmei") for supply of various refrigerants like R410a, R32 , R407C , etc. filled and supplied in returnable ISO-Tanks (said "Gas" or "Tanks"). On the basis of this contract the Company has also entered into back to back contract with its clients for supply of said gas. Sanmei defaulted in delivery of the total quantum of tanks and at a rate as it was agreed upon as per the above referred contracts. Instead, they delivered very negligible quantity of tanks and even after requesting time and again Sanmei did not comply with the total supply of Tanks as per the contract, as a result the Company failed in its commitment for supply of said gas to its clients thereby incurring loss in business and reputation. The prices for the said gases also rose very substantially and the company made huge notional loss based on the rate difference of increased price versus contracted price into the quantity of unsupplied gas.</p> <p>The Company could see the real malafide reason of Sanmei for not delivering the remaining tanks was a steep hike in price of said gas (almost 100% increase) in international market and presumably Sanmei sold the tanks to their other clients who agreed to purchase at such higher price thereby making huge profits at the cost of the Company. Hence, the company took a decision to withhold whatever payment was pending to Sanmei for the negligible quantum of tanks received until Sanmei delivers remaining agreed quantity of tanks as per the contracts and comply with his part as per the contracts. The Company later receives a notice on 2nd December, 2021 u/s 8 of Insolvency and Bankruptcy Code, 2016 demanding USD 12,51,290.00 (said "Notice") without interest, from their lawyers based out of Delhi. Subsequent to said notice many discussions happened and even their said lawyers also visited office of the Company for negotiation, wherein the Company has informed the lawyers of the existing dispute and requested their lawyers to ask their client to perform their part of contract and in accordance with the terms of the contracts and deliver the remaining quantity of tanks</p>	<p>The Company and Zhejiang Sanmei Chemical Industry Co. Ltd ("Sanmei") have previously engaged in contractual agreements for the supply of various gases. In 2021, additional contracts were entered into between the Company and Sanmei for the supply of different refrigerants, such as R410a, R32, R407C, which were to be supplied in returnable ISO-Tanks.</p> <p>A claim/counter-claim has arisen between the Company and Sanmei, prompting legal action from Sanmei's legal representatives. On December 02, 2021, Sanmei's legal representatives issued a formal notice under the provisions of the Insolvency and Bankruptcy Code, 2016 ("IBC, 2016"), asserting a claim amounting to \$12,51,290.00 against the Company.</p> <p>The company responded to Sanmei's notice dated December 02, 2021 via email on December 23, 2023. Following the Company's response, Sanmei's legal representative's sent a rejoinder notice dated January 08, 2024. It is to be noted that despite the exchange of communications between the parties, no formal insolvency proceedings have been initiated against the Company as on the current date. The unresolved matter between the Company and Sanmei remains, subject to further legal proceedings, in case.</p>





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<p>but their lawyers refused to agree on the terms and issued a reminder notice on 15th September, 2022 without mention of any dispute raised by the Company. The Company also informed the lawyers that Sanmei has not only defaulted in delivery but they have also charged higher price as compared to the price as agreed upon and have also by suo-moto action without informing the Company set some kind of credit limit and further depleted and reduced that credit limit by adding cost of ISO Tank containers which is the property of the shipping company and not of Sanmei and for which the Company has provided guarantee in form of surety bond to the shipping company against the possession of the said containers. The Company also represented, that the lawyers of Sanmei once again visited office of the Company somewhere in the month of October, 2023 but again nothing progressed as they were not ready to comply with the terms of the validly entered contract. The Company has vide its email dated 23rd December, 2023 replied to Sanmei's section 8 IBC notice dated 2nd December, 2021 bearing no 42625/34237/CAIN21/01 and the Company has received via email on 8th January, 2024 a rejoinder dated 8th January, 2024 through the advocates of Sanmei. Thereafter, as on today there are no proceedings initiated under IBC by Sanmei against the Company.</p>	
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