

# Solar Industries India

India | Capital Goods | Initiating Coverage



24 March 2026

## Unleashing the Growth Juggernaut

Solar Industries India (SOIL IN), one of the world's largest commercial explosives companies, stands poised for its next growth phase across defense, explosives, and mining value chain. Evolving from a dominant industrial explosives franchise into a vertically integrated defense manufacturer, SOIL is well positioned to capture on high entry-barrier segments, such as propellants, warheads and rocket integration, ammunition, military drones & unmanned aerial vehicles (UAV), counter-drone systems (CDS), and anti-tank guided missiles (ATGM). Its international (non-defense) explosives business is gaining strong traction. We expect a revenue CAGR of 25% and an earnings CAGR of 28% during FY25-28E. We initiate coverage with a **Buy** rating and a TP of INR 15,450 based on 55x March FY28E P/E.

**Defense segment to fuel next-level growth:** Defense revenue has surged at a CAGR of 82% during FY21-25, rising from a mere 5% of total sales in FY21 to 18% in FY25. We see this segment driving the next phase of superior growth, fueled by India's INR 2.2tn defence capex in FY27BE, escalating global conflicts, and rising worldwide defence spending. Four critical categories now dominate modern warfare: missiles & rockets, drones, counter drones and ammunition; SOIL remains the only company in India active across all of them, positioning it as a prime beneficiary with in-house developed defence explosives, including warheads, would further accelerate growth. We expect a defence revenue CAGR of 66% during FY25-28E, with revenue share expanding to 42% in FY28E.

**Global footprint expansion drives explosives growth:** SOIL has aggressively expanded its commercial explosives presence, operating in >90 countries, with 7 international manufacturing facilities in Zambia, Nigeria, Turkey, South Africa, Indonesia, Tanzania, and Ghana. International revenue already accounts for 38% of total sales in FY25, underscoring its global scale. We expect further acceleration with new operations in Kazakhstan, Saudi Arabia and Thailand in the next two years, driving an exports CAGR to 19% during FY25-28E.

**SOIL signaling mega defence capex:** The company plans INR 22bn in capex during FY26-28E to scale existing capabilities and unlock new avenues like advanced ammunition and aerospace solutions, funded through internal accruals and debt. This represents a major boom, anchored by a MoU with the Government of Maharashtra for an INR 127bn mega defense project for the next 10 years. The initiative will expand production of drones and UAV, CDS, energetic materials, new generation explosives, and robots.

**Initiate with Buy and a TP of INR 15,450:** We initiate coverage of SOIL with a **Buy** rating and a TP of INR 15,450 based on 55x March FY28E P/E (in line with its three- and five-year one-year forward P/E). This underpins robust defense growth, international explosives expansion, and alignment with the government's defense indigenization drive via the private sector. We expect an earnings CAGR of 28% during FY25-28E with an average ROE and ROCE of 30% & 38%, respectively, during FY26-28E. Key risks include execution delays in large defence platforms and slowdown in mining activity.

### Key financials

YE March	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)	60,695	75,403	96,189	120,726	148,781
YoY (%)	(12.3)	24.2	27.6	25.5	23.2
EBITDA (INR mn)	13,692	19,604	25,146	32,079	39,852
EBITDA margin (%)	22.6	26.0	26.1	26.6	26.8
Adj PAT (INR mn)	9,138	13,553	17,571	22,506	28,052
YoY (%)	5.6	48.3	29.6	28.1	24.6
Fully DEPS (INR)	101.0	149.8	194.2	248.7	310.0
RoE (%)	29.6	34.0	33.1	31.8	30.1
RoCE (%)	29.0	35.5	36.5	36.1	34.8
P/E (x)	123.1	83.0	64.0	50.0	40.1
EV/EBITDA (x)	82.6	57.7	45.0	35.3	28.4

Note: Pricing as on 23 March 2026; Source: Company, Elara Securities Estimate

Rating: **Buy**  
 Target Price: **INR 15,450**  
 Upside: **24%**  
 CMP: **INR 12,430**  
 As on 23 March 2026

#### Key data

Bloomberg	SOIL IN
Reuters Code	SLIN.NS
Shares outstanding (mn)	90
Market cap (INR bn/USD mn)	1,125/11,969
EV (INR bn/USD mn)	1,131/12,040
ADTV 3M (INR mn/USD mn)	2,616/28
52 week high/low	17,820/9,888
Free float (%)	27

Note: as on 23 March 2026; Source: Bloomberg

#### Price chart



Source: Bloomberg

Shareholding (%)	Q4	Q1	Q2	Q3
	FY25	FY26	FY26	FY26
Promoter	73.2	73.2	73.2	73.2
% Pledge	1.5	1.5	1.5	1.5
FII	5.8	6.8	7.1	6.7
DII	14.1	13.6	12.9	12.9
Others	6.9	6.5	6.9	7.2

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(14.0)	(10.6)	(3.6)
Solar Industries India	(0.9)	(12.6)	16.7
NSE Mid-cap	(13.3)	(10.6)	(1.0)
NSE Small-cap	(14.4)	(17.5)	(6.6)

Source: Bloomberg

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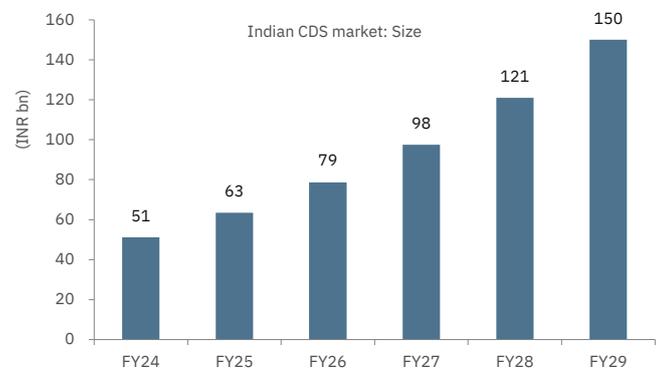


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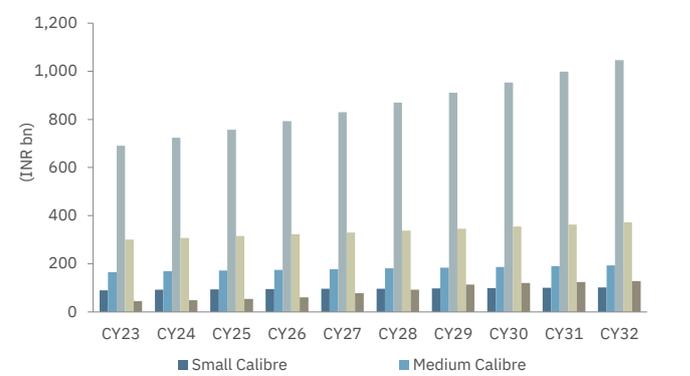
## Story in charts

**Exhibit 1: India's CDS market to post a 24% CAGR during FY24-29**



Source: Company, Elara Securities Research

**Exhibit 2: Global ammunition market - to stay robust until CY32**



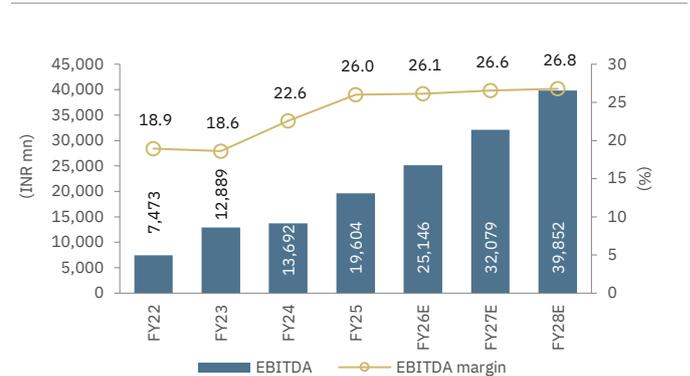
Source: IISS Database (2023), KPMG Research and Analysis, Inputs from Subject Matter Experts (SME), Elara Securities Research

**Exhibit 3: Revenue CAGR of 25% during FY25-28E**



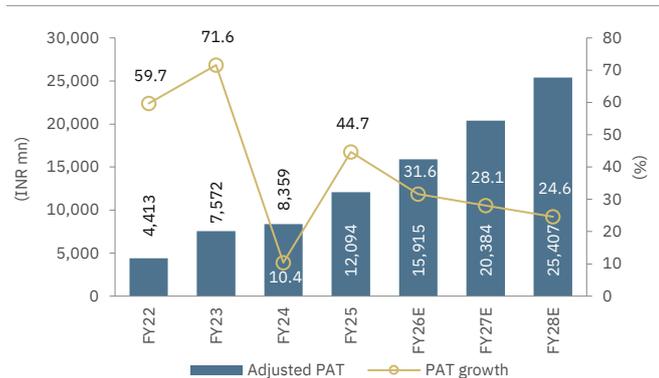
Source: Company, Elara Securities Estimate

**Exhibit 4: EBITDA CAGR of 27% during FY25-28E**



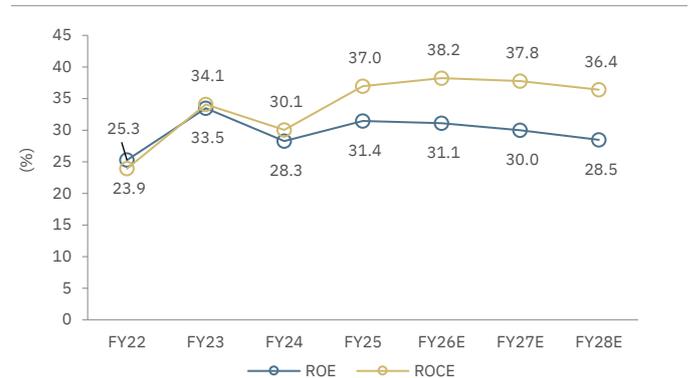
Source: Company, Elara Securities Estimate

**Exhibit 5: Earnings CAGR of 28% during FY25-28E**



Source: Company, Elara Securities Estimate

**Exhibit 6: ROCE and ROE to remain stable during FY25-28E**



Source: Company, Elara Securities Estimate

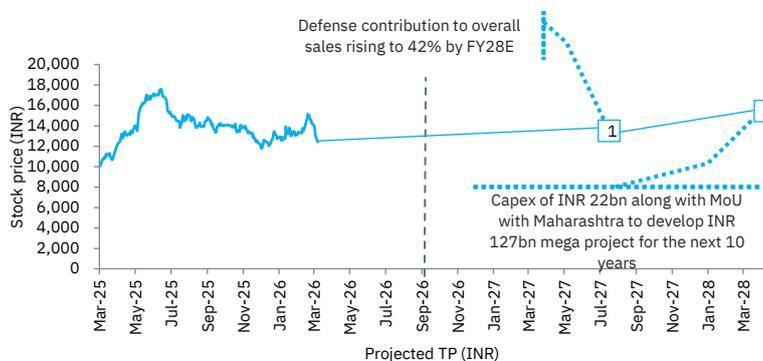
## Investment Rationale

The company currently has an order backlog of >INR 210bn. We expect defense revenue to reach ~INR 80bn by FY29E; defense contribution is likely to rise from 18% in FY25 to ~50% by FY30E.

International revenue already accounts for 38% of total sales in FY25, underscoring its global scale. SOIL would see further acceleration with new operations in Kazakhstan, Saudi Arabia and Thailand in the next two years, driving an exports CAGR to 19% during FY25-28E

The company plans INR 22bn in capex during FY26-28E. It has signed an MoU with to develop an INR 127bn mega defense project for the next 10 years. The project will focus on expanding drones & UAV, counter-drone systems, robots, energetic materials, and next-generation explosives

## Valuation Triggers



Source: Bloomberg, Elara Securities Estimate

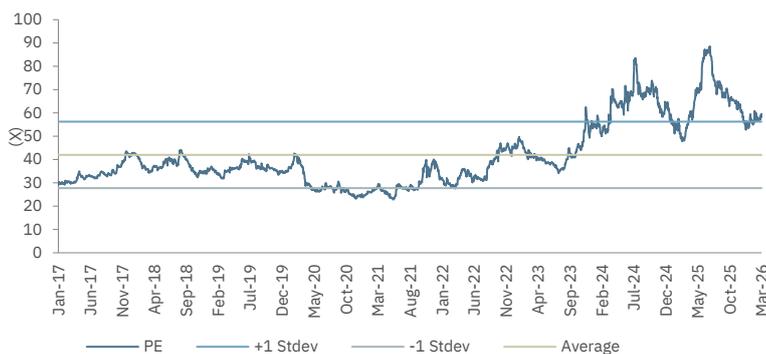
### Valuation triggers

- ▶ Defense contribution to overall sales rising to 42% by FY28E
- ▶ Capex of INR 22bn along with MoU with Maharashtra to develop INR 127bn mega project for the next 10 years

### Our assumptions

- ▶ Revenue CAGR of 25% during FY25-28E
- ▶ Margin to sustain at ~27% during FY26-28E, led by execution of better margin defense and export orders
- ▶ ROCE and ROE to remain stable during FY25-28

## Valuation drivers: trading at one-year forward P/E of ~55x



Source: Company, Bloomberg, Elara Securities Estimate

### Key risks

- ▶ Delay in execution of large defence orders, such as the *Pinaka* rocket systems, and loitering munitions
- ▶ Fall in ammonium nitrate prices leading to negative price cost spread

### Valuation

(INR)	
EPS – FY26E	175.9
EPS – FY27E	225.2
Five-year average P/E (x)	77.8
Target multiple (x)	55
March FY28E EPS	281
<b>Target price</b>	<b>15,450</b>

Source: Elara Securities Estimate

## Industry trends and macro factors

- ▶ India's defense story is set to gain from rising indigenization and widening global ammunition supply gap
- ▶ Heightened global geopolitical tensions, particularly in West Asia, the Russia-Ukraine conflict, and rising maritime, aerial, & land border frictions in the Indo-Pacific, are acting as primary drivers for a "security super cycle," triggering record-high military spending bolstering defense sector growth globally

## Market position and competitive landscape

- ▶ SOIL is a dominant leader in the industrial explosives and defense sector, commanding a ~24% market share in its industry
- ▶ Industry-leading fundamentals: EBITDA margin of 26% as on FY25 with a ROCE of ~37% and a ROE of 31%
- ▶ Large capex plan of INR 127bn in the next 10 years to ensure sales growth visibility

## Financials (YE March)

<b>Income Statement (INR mn)</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
Total Revenue	60,695	75,403	96,189	120,726	148,781
Gross Profit	28,734	36,330	48,231	60,812	74,964
EBITDA	13,692	19,604	25,146	32,079	39,852
EBIT	12,258	17,789	22,713	28,747	35,529
Interest expense	1,094	1,165	1,235	1,201	1,201
Other income	445	708	1,084	1,355	1,693
Exceptional/ Extra-ordinary items	-	-	-	-	-
PBT	11,609	17,332	22,562	28,900	36,021
Tax	2,861	4,508	5,819	7,455	9,292
Minority interest/Associates income	390	729	828	1,061	1,322
Reported PAT	9,138	13,553	17,571	22,506	28,052
Adjusted PAT	9,138	13,553	17,571	22,506	28,052

Revenue CAGR of 25% during FY25-28E

<b>Balance Sheet (INR mn)</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
Shareholders' Equity	33,056	43,863	58,512	77,403	101,080
Minority Interest	1,217	1,503	2,331	3,392	4,714
Trade Payables	5,527	4,925	6,063	7,446	9,001
Provisions & Other Current Liabilities	4,274	10,757	11,294	11,859	12,452
Total Borrowings	11,050	9,396	8,896	8,896	8,896
Other long term liabilities	648	10,612	11,111	11,634	12,185
<b>Total liabilities &amp; equity</b>	<b>55,770</b>	<b>81,055</b>	<b>98,207</b>	<b>120,631</b>	<b>148,327</b>
Net Fixed Assets	19,563	25,120	44,687	61,355	79,032
Goodwill	-	-	-	-	-
Intangible assets	-	-	-	-	-
Business Investments / other NC assets	7,177	10,343	11,218	11,218	11,218
Cash, Bank Balances & treasury investments	5,007	12,545	6,546	6,877	10,989
Inventories	8,468	10,400	11,790	14,050	16,444
Sundry Debtors	8,449	12,386	13,704	16,869	20,381
Other Current Assets	7,107	10,262	10,262	10,262	10,262
<b>Total Assets</b>	<b>55,770</b>	<b>81,055</b>	<b>98,207</b>	<b>120,631</b>	<b>148,327</b>

<b>Cash Flow Statement</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
<b>Cashflow from Operations</b>	<b>14,060</b>	<b>24,676</b>	<b>18,794</b>	<b>21,670</b>	<b>27,350</b>
Capital expenditure	(5,485)	(10,011)	(22,750)	(20,000)	(22,000)
Acquisitions / divestitures	-	-	-	-	-
Other Business cashflow	(1,780)	(5,921)	6,193	1,129	1,411
<b>Free Cash Flow</b>	<b>8,576</b>	<b>14,665</b>	<b>(3,956)</b>	<b>1,670</b>	<b>5,350</b>
Cashflow from Financing	(6,647)	(5,429)	(2,821)	(2,468)	(2,649)
Net Change in Cash / treasury investments	2,206	7,538	(5,999)	331	4,113

<b>Key assumptions &amp; Ratios</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
Dividend per share (INR)	8.5	10.0	12.0	14.0	16.0
Book value per share (INR)	365.3	484.7	646.5	855.3	1,116.9
RoCE (Pre-tax) (%)	29.0	35.5	36.5	36.1	34.8
ROIC (Pre-tax) (%)	32.0	43.1	43.1	39.4	38.1
ROE (%)	29.6	34.0	33.1	31.8	30.1
Asset Turnover (x)	3.4	3.4	2.8	2.3	2.1
Net Debt to Equity (x)	0.2	(0.1)	0.0	0.0	0.0
Net Debt to EBITDA (x)	0.4	(0.2)	0.1	0.1	(0.1)
Interest cover (x) (EBITDA/ int exp)	12.5	16.8	20.4	26.7	33.2
Total Working capital days (WC/rev)	108.1	160.4	106.1	96.8	99.2

<b>Valuation</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
P/E (x)	123.1	83.0	64.0	50.0	40.1
P/Sales (x)	18.5	14.9	11.7	9.3	7.6
EV/ EBITDA (x)	82.6	57.7	45.0	35.3	28.4
EV/ OCF (x)	80.5	45.9	60.2	52.2	41.4
FCF Yield	0.0	0.0	0.0	0.0	0.0
Price to BV (x)	34.0	25.6	19.2	14.5	11.1
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Note: Pricing as on 23 March 2026; Source: Company, Elara Securities Estimate

## Unleashing the growth juggernaut

- ▶ Defense segment to drive next-level growth story
- ▶ Global footprint expansion fueling explosives growth
- ▶ SOIL signals MEGA defence capex

### Defense segment to drive the next level of growth story

#### Primed for a giant leap

SOIL’s defence segment can be categorized into two: 1) explosives, and 2) products. In the defence explosives space, the company manufactures high melting explosives (HMX) & propellants and became the first private firm to supply HMX to the India’s defense sector. In the defence products space, it manufactures propellants for missiles & rockets, pyros, ignitors, ammunition filings, fuses & assembly of missiles & rockets and ventured into the most sought after and new-age products, such as drones, counter-drone system (CDS), ammunition and robots. It is enhancing its product portfolio with composite propellants for missiles, such as the *Akash* and the *BrahMos*, rockets like the *Pinaka*, rocket integrators, and multi-mode hand grenades.

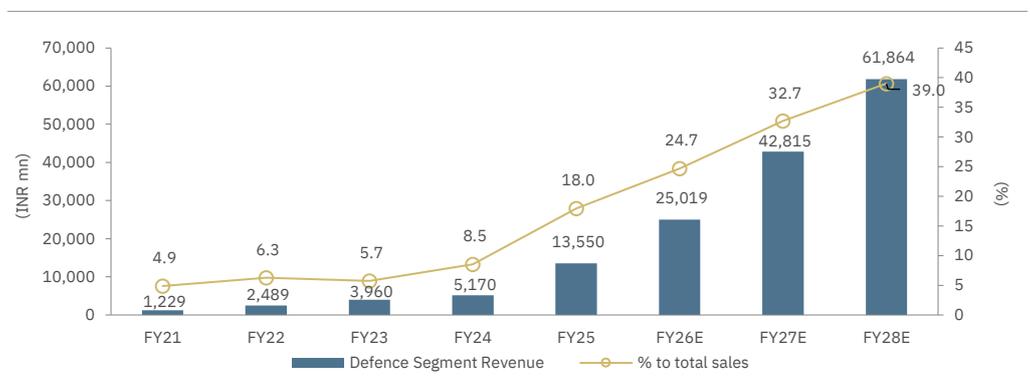
The defense segment is likely to drive the next level of superior growth, supported by 1) the rise in India’s defence capex, up 22% in FY27BE, 2) ongoing wars (Russia-Ukraine, Israel-Hamas & US-Iran) would need to replenish inventory, and 3) surge in global defence spend. Defense revenue contribution jumped to ~18% of overall sales in FY25 at INR 13.5bn from a mere ~5% at INR 1.2bn in FY21, buoyed by current global geopolitical scenario. Defense revenue grew at a CAGR of 82% during FY21-25.

We take cognizance from wars fought globally that the new-age battlefield needs four defence products namely:

- ▶ Missiles and rockets
- ▶ Drones (interceptors, loitering munitions, MALE and HALE)
- ▶ Counter-drone system
- ▶ Ammunition

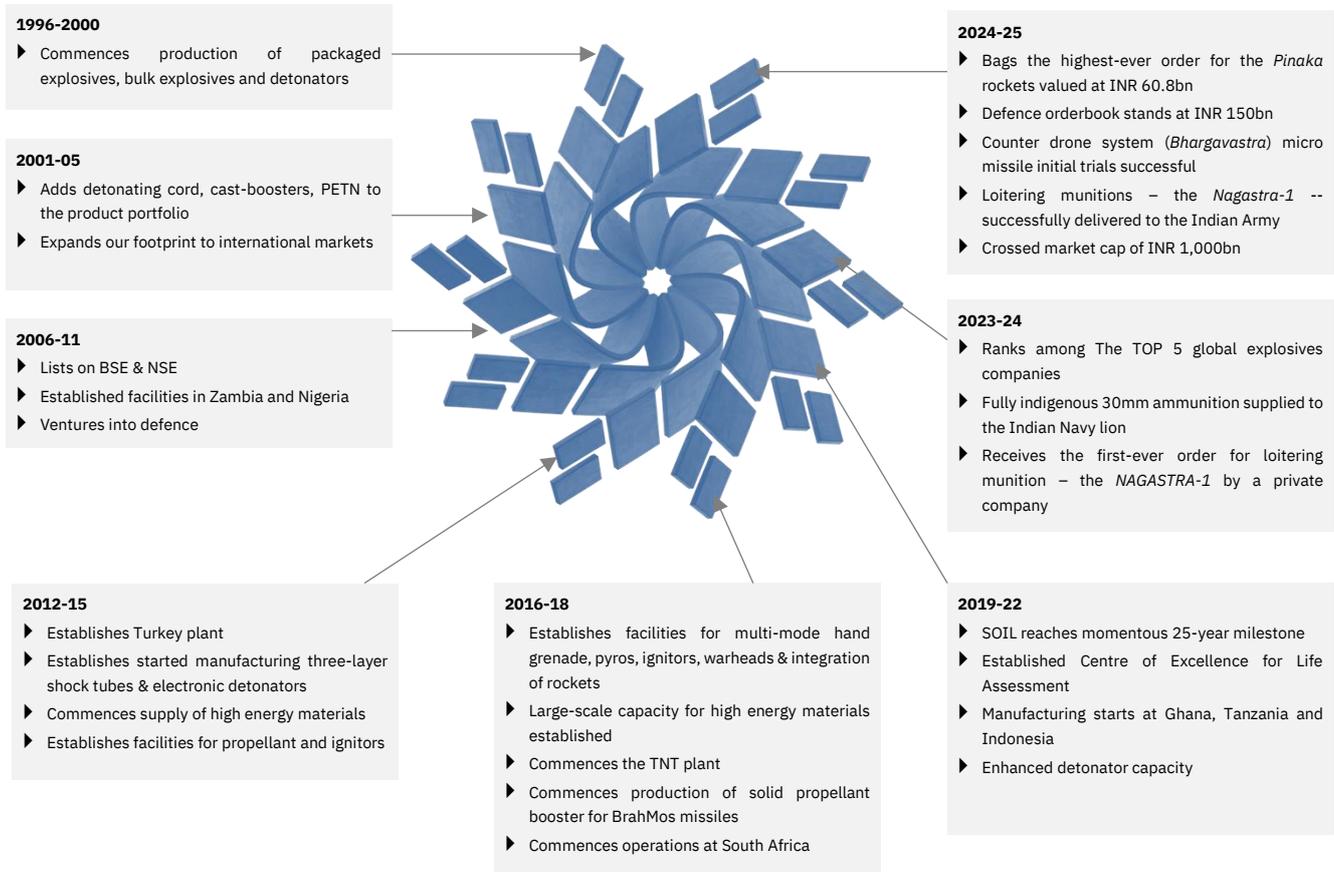
Considering SOIL is present in all four categories with proven capability in three out of four segments makes it is a major beneficiary of global defence spend. Thus, we expect defense revenue share to surge to 42% in FY28E from 30% in FY26E. With a current order backlog of >INR 210bn with an equally promising order pipeline, we are enthused on huge opportunities in the defense business.

**Exhibit 7: Defence revenue CAGR of 66% during FY25-28E**



Source: Company, Elara Securities Estimate

**Exhibit 8: Evolution**



Source: FY25 Company Annual Report, Elara Securities Research

**Rockets – *Pinaka* in the arsenal**

The Ministry of Defense (MoD) has inked contract with Economic Explosives (EEL), a wholly owned subsidiary of SOIL for the procurement of area denial munition (ADM) Type-1, dual-purpose improved conventional munition (DPICM) and high explosive pre-fragmented (HEPF) Mk-1 (Enhanced) rockets, respectively, for the *Pinaka* multiple launch rocket system (MLRS) at a total cost of INR 101.5bn. ADM Type-1 of the *Pinaka* MLRS has a specialized warhead to deliver a quantum of sub-munitions over a larger area targeting mechanized forces, vehicles and personnel, thereby denying specific areas to the enemy. HEPF Mk-1 (E) rockets are advanced versions of in-service HEPF rockets which have enhanced range to strike deep into enemy territory with precision and lethality. The procurement of ADM Type-1 (DPICM) and HEPF Mk-1 (E) rockets will mark a milestone in the modernization of the artillery rocket regiments. These advanced ADM (DPICM) and HEPF ammunition will play a crucial role in bolstering the Indian Army's firepower by enabling precise and long-range strikes.

SOIL has bagged a much-anticipated order for the supply of area denial munition (ADM) Type-1 (DPICM) and high explosive pre-fragmented (HEPF) Mk-1 (Enhanced) rockets, respectively, for the *Pinaka* MLRS worth INR 60.8bn executable in the next 8-15 years, out of which 86% of the contract will be executed within 10 years.

**Drone – Proven capabilities in medium altitude long endurance (MALE) UAV arena**

SOIL, through its wholly owned subsidiary, Solar Defense & Aerospace (SDAL), has successfully forayed into the development of advanced unmanned aerial vehicles (UAV). The company has inaugurated an innovative drone and unmanned aerial vehicle (UAV) manufacturing at Nagpur to strengthen indigenous production of drones, UAV, loitering munitions as well as counter drone systems (CDS). Although major firms are making rapid strides in surveillance and logistics application of drones, combat-ready UAV and weaponized drone technologies need advanced infra

and tech expertise. In our view, it is bridging the gap by developing systems for military use inclusive of drone-based mine detection and disposal systems, loitering munitions & CDS.

The evolution to MALE UAV came on the back of completion of delivery for 480 *Nagastra-1* loitering munitions to the Indian Army, enhancing defense capabilities with GPS-guided precision strike drones capable of neutralizing hostile targets in kamikaze mode across terrains and distances, while the *Nagastra-2* and the *Nagastra-3*, the latter a prototype for the medium range precision kill system (MRPKS), are under development. The *Nagastra-3* has a range of up to 100km and can carry a warhead of 8.5kg enduring for three hours. SOIL intends to pursue opportunities in proximity fuse, high performance UAV, UAS, C-UAS for surveillance and defense against aerial threats in the near to medium term.

This initiative aligns with growing global recognition of drones, indicating a key arsenal in modern warfare, which was prevalent during the recent geopolitical skirmish, such as Armenia-Azerbaijan war, strikes in Syria, and the ongoing Russia-Ukraine & Israel-Iran conflicts.

**CDS -- multiyear opportunity**

SOIL has designed and developed a new low cost CDS via hard kill mode, the *Bhargavastra*, leapfrogging to supply systems and platforms from consumables helpful to counter escalating threat of drone swarms. The corresponding micro rockets equipped with the CDS underwent rigorous testing at Seaward Firing Range, Gopalpur in Odisha. The *Bhargavastra* has advanced capabilities for detecting and eliminating small, incoming drones at distances of up to 2.5km. It employs unguided micro rockets as the first layer of defense capable of neutralizing swarm of drones with lethal radius of 20m and guided micro-missile (already tested earlier) as the second layer for pinpoint accuracy, ensuring precise and impactful neutralization. They are designed for seamless deployment across diverse terrains, including high-altitude regions (> 5,000m above sea level).

The company has developed the *Rudrastra*, which is an indigenously developed India's hybrid vertical take-off (VTOL) UAV that combines versatility of vertical lift with the range of fixed-wing flight for deep-strike, surveillance, and reconnaissance missions. The Indian Army has successfully conducted trails of the *Rudrastra* hybrid VTOL UAV at Pokhran, Rajasthan.

**Exhibit 9: Solar Industries product portfolio**



Source: Company website, Elara Securities Research

At Advantage Vidarbha 2026, SOIL has unveiled the *Vijayastra*, an indigenous unmanned aerial vehicle (UAV) designed for precision strikes and reconnaissance missions. The development marks a significant stride in India's push for self-reliance in defence technologies under the *Atmanirbhar Bharat* initiative. Announced on 11 February 2026, the *Vijayastra* integrates advanced propulsion systems derived from SOIL's expertise in rocket propellants and warheads. It boasts a loitering munition capability, allowing it to patrol designated areas for up to 90 minutes before executing kamikaze-style attacks on high-value targets. Its lightweight composite airframe, weighing under 15kg, enables deployment from man-portable launchers or small UAV carriers.

The system employs GPS and INS navigation augmented by electro-optical & infrared (EO and IR) seekers for terminal guidance, achieving pinpoint accuracy within a 2-metre circular error probable (CEP). Engineered for versatility, the *Vijayastra* operates at altitudes between 100m and 4,000m, with a maximum range exceeding 50km. SOIL has incorporated indigenous rocket motors, drawing from its proven *Nagastra-I* platform, which the Indian Army inducted in CY23. This evolution addresses gaps in swarm drone tactics and counter-UAV operations amid escalating border tensions with neighbors. The UAV warhead, a high-explosive fragmentation type with programmable fuse options, delivers a lethal radius of 15m, optimized for armored vehicles, bunkers, and personnel concentrations. Testing at SOIL facilities in Maharashtra demonstrated successful intercepts against moving targets, including simulated enemy tank.

#### **Ammunition foray into 155mm shell production**

India is slated to become the prime manufacturing hub for advanced 155mm artillery ammunition for all types of artillery guns operated over 75 armies worldwide. To achieve full self-reliance in ammunition manufacturing, the MoD is encouraging private companies to set up new production facilities to meet ammunition demand of the Armed Forces. Several foreign original equipment manufacturers (OEM) -- Nexter of France, Rosoboronexport of Russia, Nammo AS of Norway, Saab Bofors Dynamics of Sweden, Elbit Systems of Israel, Diehl Defence of Germany, Denel of South Africa, Yugo Import SDPR of Serbia, Arsenal of Bulgaria, and Raytheon & BAE Systems of the US are keen on partnering with domestic companies to bulk produce 155mm Terminally Guided Munitions projectiles.

SOIL had supplied the much coveted first batch of 100% indigenous 30mm ammunition in FY23 and has successfully ventured into production of 155mm artillery shell. It boasts superior execution capabilities and a robust infrastructure to manufacture it, and commercial production is set to begin in the near to medium term.

#### **Development of new explosives to bolster prospects**

SOIL has developed three new explosives that would result in enhancing effectiveness of warheads, aerial bombs, artillery shells and underwater weapons. The new formulation was tested under the Defence Export Promotion Scheme (DEPS) of the Navy. The Navy has recently completed successful certification tests of the following three: SEBEX-2, SITBEX-1 and SIMEX-4. SEBEX-2 is a castable explosive made with HMX, having TNT equivalence of 2.0x. The conventional explosive, used in the BrahMos missile, has a TNT equivalence of about 1.5x; most explosives used in warheads around the world have a TNT equivalence between 1.25x and 1.30x.

SITBEX 1 (thermobaric explosive) generates extended blast duration with intense heat, and it is suited to target enemy bunkers, tunnels, and other fortified positions. Thermobaric explosive compositions are fuel-rich formulations capable of creating sustained high temperature and longer duration overpressure compared to conventional high explosives; SIMEX 4 is a munition that is safer than standard explosives when it comes to storage, transportation & handling and is more likely to accidentally go off.

We believe SOIL is the only company to develop these explosives in India, exhibiting early advantage and sustained market leadership. We view this development as a testament to its robust internal R&D capabilities, cultivated over several years. Currently, these products are in testing and validation phase, these high-tech platforms are set to diversify and fortify revenue streams in the medium to long term on successful induction. Furthermore, we expect huge exports potential within friendly nations. Consequently, these advancements are poised to significantly accelerate the company's defense revenue in the medium term

**Exhibit 10: Recent order wins**

Year	Order	Duration (in years)	Client	Order type	Order size (INR mn)
Q4FY26	Supply of defence product	4	International Entity	Exports	5,890
Q4FY26	Supply of defence product	4	International Entity	Exports	8,300
Q3FY26	Supply of explosives	2	Coal India	Domestic	17,460
Q3FY26	Supply of defence product	4	NA	International	14,000
Q3FY26	Supply of bulk explosives	2	South Eastern Coalfields	Domestic	4,830
Q1FY26	Supply of defence product	1	Ministry of Defence	Domestic	1,580
Q1FY26	Supply of cartridge explosives & accessories	2	Coal India	Domestic	4,020
Q4FY25	Supply of multi-mode hand grenade	1	Ministry of Defence	Exports	2,390
Q4FY25	Supply of defence product	6	International Entity	Exports	21,500
Q4FY25	Supply of Area Denial Munition (ADM) Type-1 (DPICM) and High Explosive Pre Fragmented (HEPF) Mk-1 (Enhanced) rockets respectively for PINAKA Multiple Launcher Rocket System (MLRS)	8-15	Ministry of Defence	Domestic	60,840
Q3FY25	Supply of defence products	4		Exports	20,390
Q3FY25	Supply of defence products	5		Exports	5,800

Source: Company, Elara Securities Research

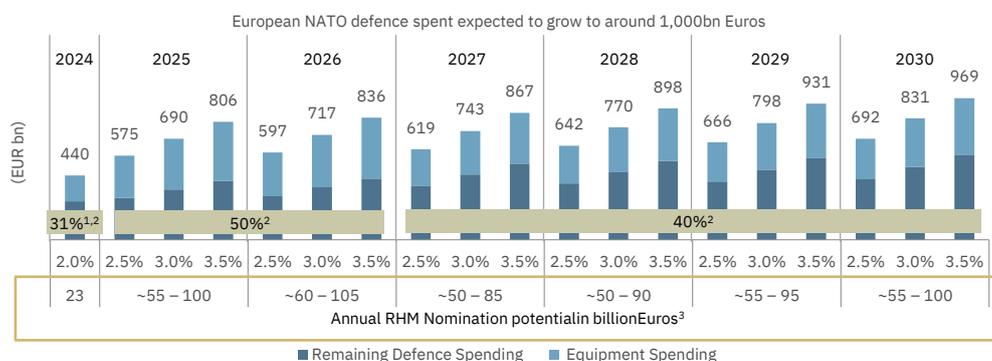
**Readiness 2030 to provide opportunities until FY30**

The North Atlantic Treaty Organization (NATO) have endorsed a new national spending benchmark: 5% of gross domestic product (GDP) to be invested annually in core defence requirements as well as defense- and security-related spending by CY35. *Readiness 2030* (formerly ReArm Europe) is a CY25 European Commission initiative aimed at significantly strengthening the EU's defense capabilities by CY30. It will result in EUR 1,000bn worth of defense spending by CY30, out of which 40% is likely to be toward equipment.

Rheinmetall (RHM), in its CY24 commentary, stated target addressable market (TAM) could be ~EUR 300-400bn by CY30, a jump of 10x vs earlier expectations of EUR 42bn. Management expects to grow at a rate of 30-35% in CY25 from EUR 2.8bn currently with a revenue potential of EUR 6-7bn in CY27 and >EUR 10bn in CY27.

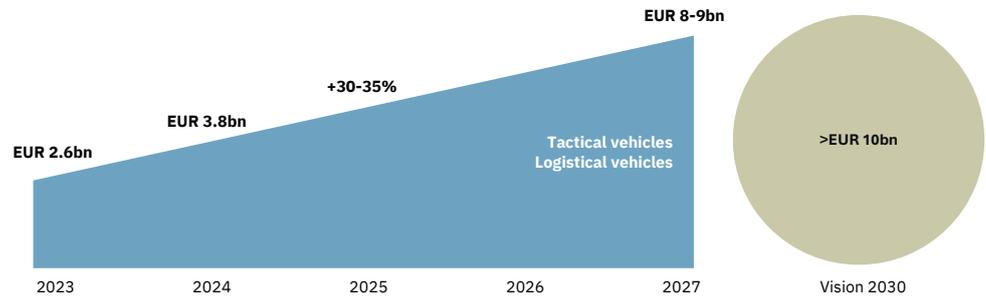
In its CY24 analyst call, RHM stated it sees huge prospects for 155mm-caliber ammunition. The company is operating at a capacity of 750,000 rounds and is expected to grow to 1.1 rounds by CY27. The company also stated Ukraine would require ~3mn rounds of artillery per year spanning the next 10 years. Ukraine's government has asked it to build capacity to manufacture 1.5mn rounds. As per management, this would be 15mn rounds for the next 10 years and contract of ~EUR 50bn.

**Exhibit 11: Europe's NATO defence spend set to grow to around EUR 1,000bn**



Note: based on Nominal GDP, 1) NATO 2) equipment share 3) assumed Rheinmetall capture rate of up to 20 -25%; Source: IMF, Rheinmetall calculations, Elara Securities Research

Exhibit 12: Sales to more than double in the next three years



Source: Rheinmetall, Elara Securities Research

### Global footprint expansion fueling explosives business

- ▶ SOIL started its commercial operations of industrial explosives and established facilities in Zambia and Nigeria in CY11. Furthermore, the company continues to expand footprints in Turkey, South Africa, Ghana, Tanzania & Indonesia, from just 3 locations in FY15. SOIL expanded across 10 geographies contributing to 38% of consolidated revenue in FY25. Over FY26-29E, it would target to enhance its presence in Kazakhstan, Saudi Arabia & Thailand with expectation of commissioning in the near to medium term.
- ▶ As a next phase of growth, the company is strengthening its footprint across existing geographies through forward and backward integration. In FY25, SOIL acquired Pro Blast Group for INR 2.5bn. The acquisition provides SOIL direct access to Pro Blast's mining clients, enabling it to deepen its participation in the mining value chain in South Africa by transitioning from a pure product supplier to an integrated solutions provider. Pro Blast reported a PAT of INR 234mn in FY25, implying an acquisition P/E of >10x. Notably, South Africa's operations turned profitable for the first time since inception during the year.
- ▶ We believe the company's strategy of pursuing acquisitions in existing geographies is value-accretive, as it enables capacity expansion and enhances proximity to end-customers. Such targeted inorganic growth is likely to drive operational efficiency, strengthen market positioning, and support a meaningful uplift in both revenue scale and profitability over time. This focused international strategy will enhance geographic diversification, positioning the company as a globally diversified explosives firm well poised to deliver 19% CAGR during FY25-28E

### SOIL Signalling MEGA defence capex

- ▶ SOIL signed an MoU with the Government of Maharashtra to establish an anchor mega defence project, involving a total investment outlay of INR 127bn in the next 10 years. This project will support capacity expansion across a range of defence products, including drones and unmanned aerial vehicles (UAV), counter-drone systems, energetic materials, robots, and new-generation explosives
- ▶ The company invested ~INR 12bn in FY25 and has outlined a robust capex plan of ~INR 25bn for FY26. This investment cycle is set to unlock new growth opportunities by scaling existing capability, upgrading technologies, and expanding the product portfolio, including advanced ammunition and aerospace solutions. Planned capex will be funded through a mix of internal accruals and debt. SOIL – through its wholly owned subsidiary Economic Explosives (EEL) – is significantly accelerating investment in the high-margin defence segment
- ▶ H1FY26 capex stood moderate at INR 7.6bn, adversely affected by heavy and prolonged Monsoon season. Management expects capex for FY26 to be lower than earlier guidance of INR 25bn. While some capex may get deferred onto next year, we believe cumulative capex plan of INR 127bn over the next 10 years remain intact

- ▶ SOIL recently inaugurated a new facility dedicated to UAV's and robotics to strengthen defence capabilities, particularly in drone-based warfare and advanced robotics designed for extreme conditions. Management says the new facility will focus on manufacturing of UAV, with a capacity of 10,000 units pa in the range of 15-1,500km while robotics will play a crucial role in defence with an estimated production of ~1,000 robots dedicated to the defence sector. It stated that the factory would be focusing on designing, developing and manufacturing several emerging & strategic products, electronic components and assemblies, in the first phase such as advanced AI powered UAV, including the production of MALE drones

**Industry overview**

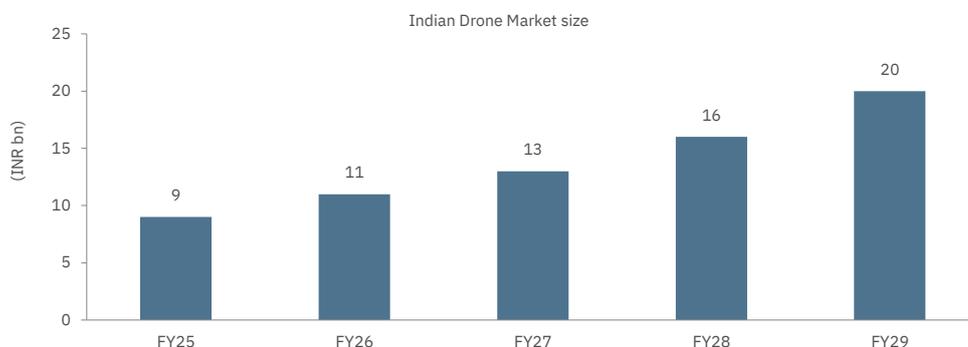
**Drone market witnessing robust growth**

The drone technology has emerged as a significant change in modern warfare and security scenarios. India's drone manufacturing industry is set to jump to INR 9bn in CY25 from INR 600mn in FY21, as per the Ministry of Civil Aviation. This is further likely to post a CAGR of 22% during FY25-30.

As the global drone industry gains currency, so does the number of attacks and incursions into the Indian territory in the past four years, indicating a shift in warfare tactics. The first-ever reported drone attack on a defence establishment was that on an Indian Air Force Station at Jammu (the drone had dropped two explosives).

The Border Security Force (BSF) has shot down and/or intercepted 125 drones in H1CY24, 107 drones in CY23 and 22 drones in CY22 (along the border Punjab shares with Pakistan).

**Exhibit 13: Drone's market to post a CAGR of 22% during FY25-29**



Source: Ministry of Civil Aviation, Elara Securities Research

**Counter-drone systems: strong demand due to rising geopolitical flashpoints**

The counter-drone systems (CDS) industry is witnessing a surge in demand, led by escalating geopolitical flashpoints. The recent drone attacks on Israel, and the Russia-Ukraine conflict have shown that drones will now be a primary means of attack and infiltration, thereby necessitating an effective means to counter attack. More than 150 drones were launched by Iran on Israel during the conflict. As a result, two types of technologies have been developed to counter drone systems by type (soft kill and hard kill systems).

Soft kill systems are primarily used to capture the drone, and retrieve it safely, using methods, such as hacking the software, capturing the drone, and jamming the signal. Hard kill, on the other hand, is used to kill and completely neutralize the drone.

**Exhibit 14: Global counter drone systems – counter measures and key companies**

Equipment	Use	Soft/hard kill	Major companies
RF jammers	Transmits large RF energy towards the drone, masking the controller signal	Soft kill	TRD Systems PTE, HP Wust
GPS spoofers	Sends a new signal to the target drone, which replaces the communication signal	Soft kill	Regulus
High power microwave devices	Generates an electromagnetic pulse capable of disrupting electronic devices	Soft kill	Diehl Defence
Nets and net guns	Fires a net at a drone, prohibiting the rotor blades	Soft kill	Fortem Technologies, OpenWorks Engineering
High energy lasers	Fires a focused laser that destroys the drone	Hard kill	Lockheed Martin, Raytheon
Cyber takeover systems	Sends a signal to hack the drone, assume control and direct it to land safely	Soft kill	D-Fend Solutions

Source: Robin Radar Systems, Elara Securities Research

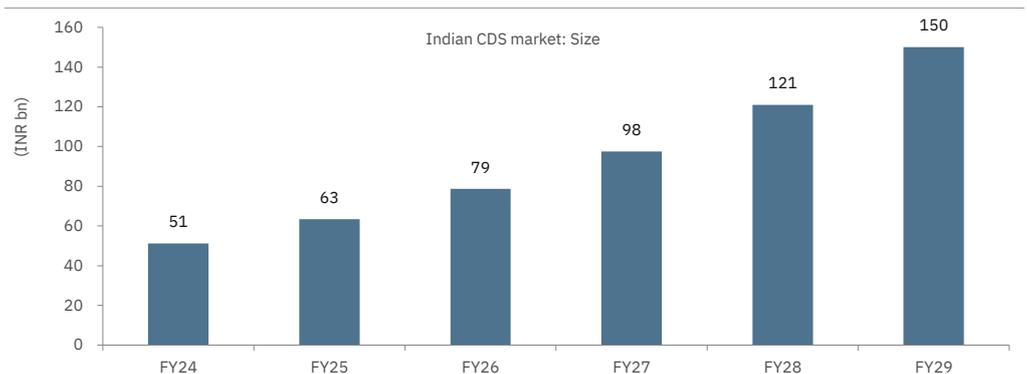
**Anti-drone market: rising competition due to growing demand**

The anti-drone systems industry is witnessing an increase in new entrants and global firms seeking to enter India due to growing demand. In India, companies, such as Bharat Electronics, Zen Technologies, Paras Defence & Adani Defence, and several startups like Big Bang Boom Solutions, Alpha Design Technologies and Jataayu Aerospace, are present in the soft kill as well as hard kill segments. In the global space, large companies, such as Drone Shield, Thales, Lockheed Martin, Saab, Israel Aerospace (IAI), are leading the market

**Counter-drone industry CAGR of 24% during FY24-29**

To avert such incursions, there is a growing demand for effective counter-drone technologies to protect important strategic assets, such as military bases, refineries, airports, and other critical infrastructure. India has ~15,106km of land border and a coastline of ~7,516km, including island territories, as per the Ministry of Home Affairs. Considering the counter unmanned aerial system (CUAS) range of 5-10km, the CDS industry in India set to be INR 150-200bn in the next 3-5 years, at a CAGR of 24% through FY24-29 (Source: ZEN)

**Exhibit 15: CDS market CAGR of 24% during FY24-29**



Source: ZEN, Elara Securities Research

**Global explosive industry overview**

Over the decades, India has been predominantly dependent on imports to manufacture explosives until the country established Imperial Chemical Industries in 1953. The company paved the way for the domestic explosives industry to undergo rapid transformation to reduce dependence on imports, thereby moving towards self-sufficiency.

India's explosives sector is jointly regulated by the Department for Promotion of Industry and Internal Trade of India (DPIIT) and the Ministry of Home Affairs. The framework needs compulsory licensing under the Industries (Development & Regulation) Act, 1951, and covers the entire value chain – from manufacturing and marketing to storage, transportation, and final use – with compliance enforced through several specialized legislations.

Despite regulatory challenges, the availability of technology through the transfer-of-technology (ToT) route, rising import substitution, and relatively low capital intensity enabled new entrants, such as Vijaya Explosives, Special Blasts, and Vetrivel Explosives to enter the industry. Industrial explosives demand expanded rapidly during FY00–08, supported by the commissioning of thermal power plants and increased mining activity, led by strong coal demand. However, growth moderated during FY09–14, due to mining bans in select states, weak infrastructure momentum, and muted coal output growth of a mere 2.8% CAGR.

Subsequently, the removal of iron and manganese ore mining bans across Odisha, Chhattisgarh, Jharkhand, Goa, and Karnataka, along with the opening of coal mining to private operators and increased infrastructure spending. This drove a strong revival in the domestic explosives industry from FY15. At the same time, several large manufacturers began exploring exports to broaden their growth opportunities. While the domestic market offers the scale needed for stable operations, exports provide superior margin and have therefore become a key strategic focus for the industry.

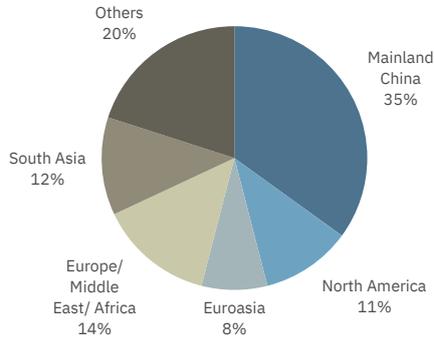
#### Global explosives market Industry Overview

The global explosives market is a multi-billion-dollar business. Robust infrastructure spend in India, China, and other emerging economies, along with steady mining expansion in South America and Africa, indicates the industry could post mid-to-high single-digit CAGR of ~5–6% during CY24–33. Growing use of explosives in mining and infrastructure, along with huge transportation, safety, and regulatory cost, have led most countries to produce their own to meet domestic needs. As a result, global production and consumption trends tend to closely align.

Several notable developments are currently shaping the global explosives landscape, as follows:

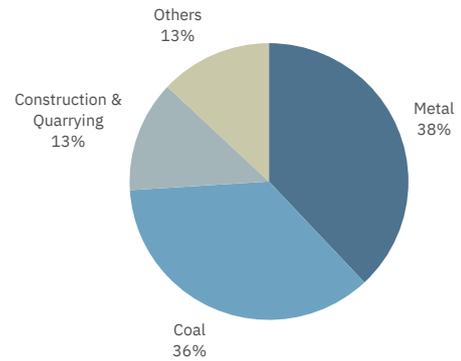
- ▶ **Regional concentration and growth momentum in Asia:** China accounts for 35% of total consumption for global explosives consumed while other key Asian markets, such as India, Indonesia, Japan, Saudi Arabia, the UAE, South Korea, Taiwan, and Malaysia, accounts for ~50% of global explosives consumption. Ongoing growth in construction and mining activity across Asia is set to drive explosives demand at a rapid pace than in other regions.
- ▶ **North America – explosives demand driven by mining, infrastructure, and energy:** North America represents ~11% of global explosives consumption (Source: S&P). Demand is supported by enhanced mining activity in key industries like metal, non-metal & coal segments, especially in deep or low-grade deposits, coupled by major infrastructure and tunneling projects that need controlled blasting well supported by applications, like well perforation and hydraulic fracturing driving additional explosives use
- ▶ **Mining -- key growth driver:** Domestic global explosives consumption remains at ~38% primarily attributed to metal mining, underscoring the importance of base- metal extraction (Source: S&P). With rising demand linked to energy transition, increased infrastructure spending, and declining ore grades, the metal mining sector is set to play an increasingly significant role in driving explosives use worldwide
- ▶ **Coal mining -- major force behind explosives consumption:** This sector represents 36% of global industrial explosives consumption (Source: S&P), underscoring its essential role in the energy sector. Continued demand for thermal coal in the Developing Markets, tighter environmental regulations, rising stripping ratios, and the drive for higher blasting efficiency are likely to further increase explosives use within this segment
- ▶ **Accelerating M&A activity and strategic expansion in global markets:** The mining subsidiary of Omnia Holdings, BME has signed a conditional sale and purchase of shares agreement with PT Multi Nitrotama Kimia (MNK), a market leader in Indonesia in the provision of explosives and blasting services, Enaex's acquisition of Australia's MTi Group, the EPC Groupe's buyout of Brazil's Pirobras Industrial and AECI's push into Peru with the complete development permits in hand

**Exhibit 16: Asia – lion’s share in global consumption**



Source: S&P Global, Elara Securities Research

**Exhibit 17: Heavy Reliance on Metals & Coal Dominates Sector Mix**

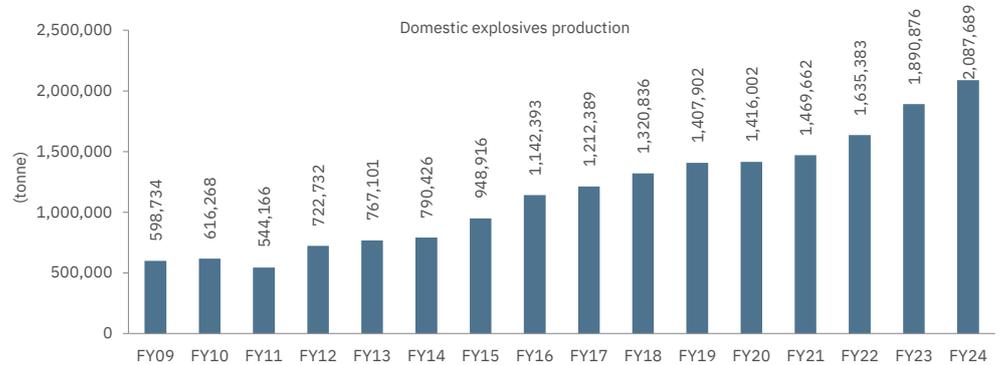


Source: S&P Global, Elara Securities Research

**Healthy volume growth led by Coal India (CIL)**

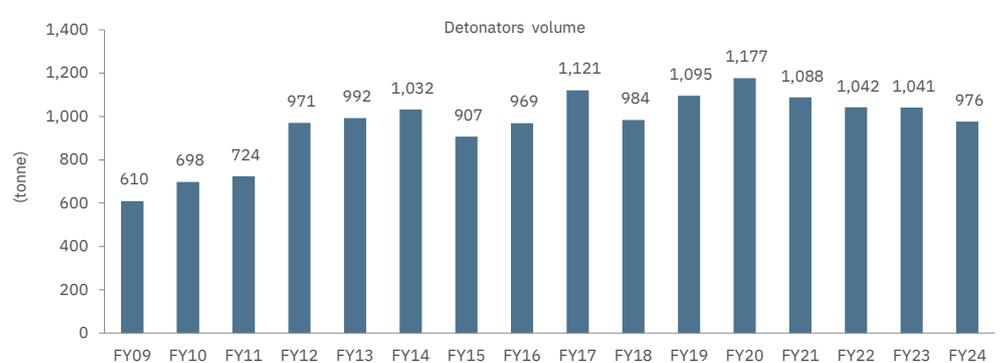
Industry output (bulk and cartridge combined) posted an ~8.7% CAGR during FY09–24 to reach 2mn tonnes, supported primarily by domestic coal-sector demand and rising exports of detonators, fuses, Pentaerythritol tetranitrate (PETN), and accessories (Source: PESO). Most of this production will be supplied to the domestic coal-mining industry, particularly Coal India and its subsidiaries. To cater to this demand and minimize logistics cost, several India-based explosives manufacturers have located their plants near Coal India’s major mining clusters.

**Exhibit 18: Domestic explosives production CAGR of 8.7% during FY09-24**



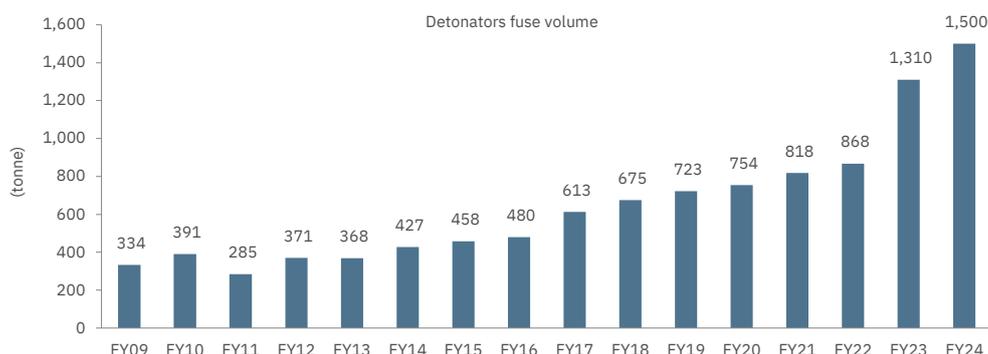
Source: PESO, Elara Securities Research

**Exhibit 19: Detonators volume CAGR of 3.2% during FY09-24**



Source: PESO, Elara Securities Research

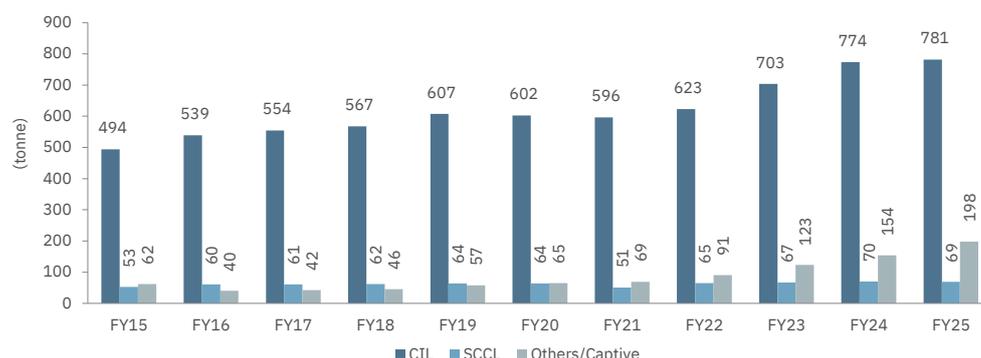
**Exhibit 20: Detonators fuse volume CAGR of 10.5% during FY09-24**



Source: PESO, Elara Securities Research

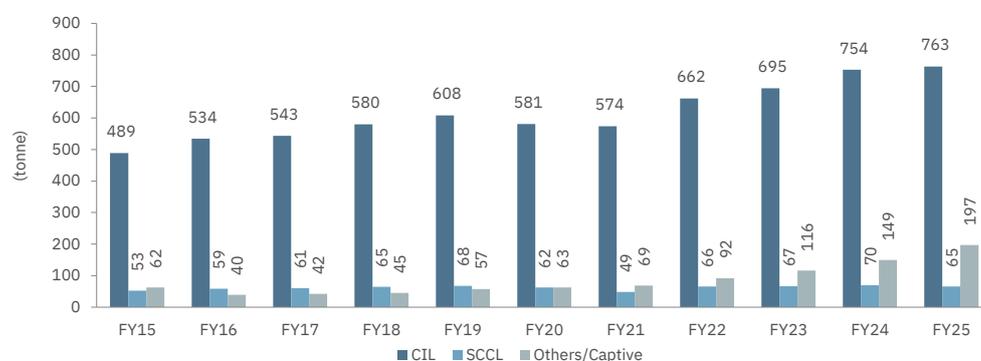
Between FY07 and FY25, Coal India's explosives consumption increased significantly from INR 5,405mn to INR 41,438mn, after reaching a high of INR 56,551mn in FY23 before moderating. During the same period, its stripping ratio rose from 1.7x to 2.7x, reflecting a greater volume of overburden removed per tonne of coal – an indication of deeper mining operations and escalating extraction efforts.

**Exhibit 21: CIL Drives Strong Volume Growth with Rising Contribution from Others/ Captive Segment**



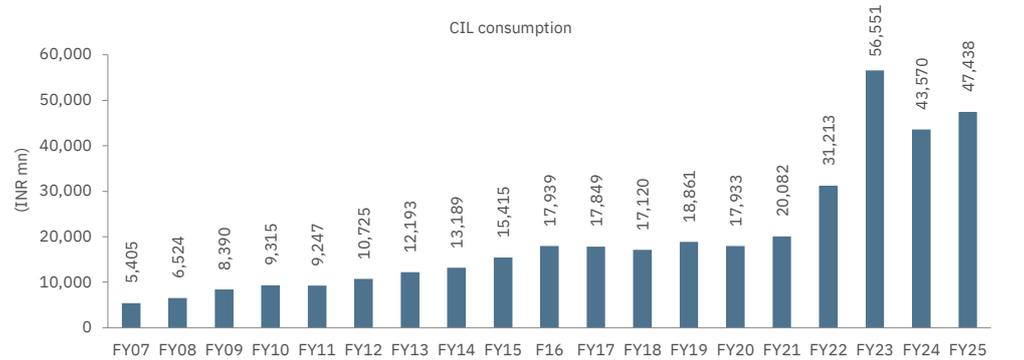
Source: CIL, Elara Securities Research

**Exhibit 22: Robust offtake for CIL/SCCL/others driving the charge**



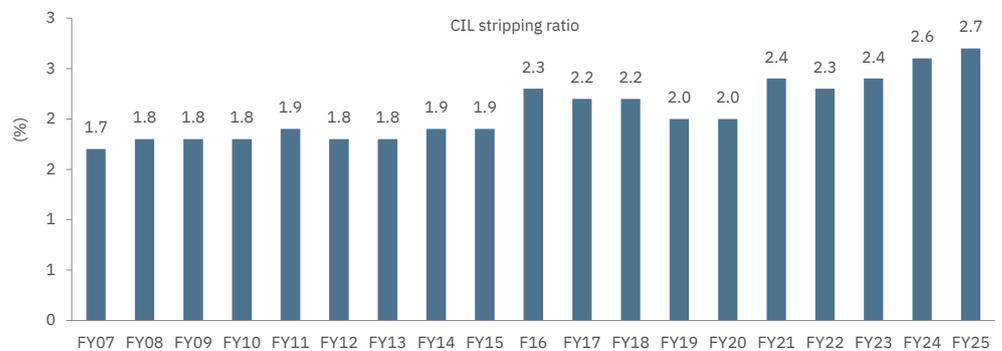
Source: CIL, Elara Securities Research

**Exhibit 23: CIL consumption CAGR of 12% during FY07-25**



Source: CIL, Elara Securities Research

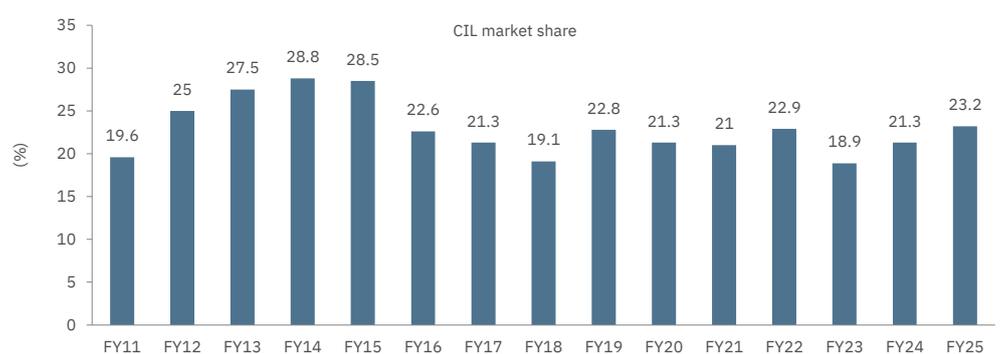
**Exhibit 24: CIL stripping ratio showing a healthy uptrend**



Source: CIL, Elara Securities Research

While CIL has a long-term supply arrangement with IOC’s Indo Burmah Petroleum (IBP) division to outsource ~20% of its explosives requirement, SOIL has surpassed the incumbent and become CIL’s largest supplier, commanding a 23.2% share in FY25.

**Exhibit 25: CIL at 23.2% market share in FY25**

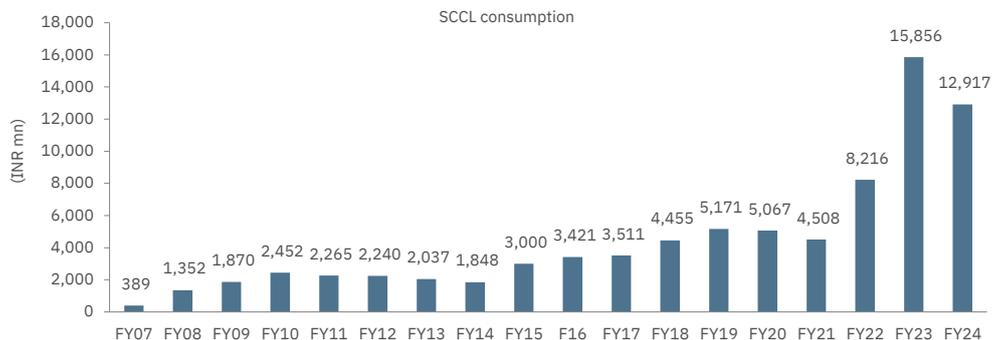


Source: CIL, Elara Securities Research

**Majority market share with Singareni Collieries (SCCL)**

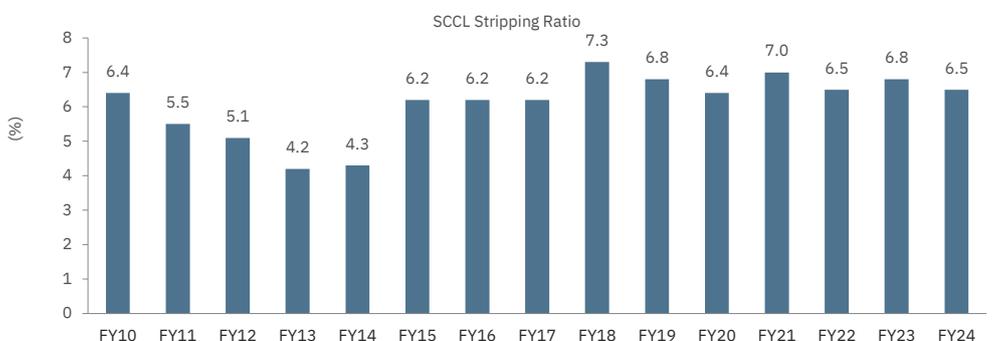
Singareni Collieries (SCCL), a government-owned coal producer operating across a 350km stretch of the Pranahita–Godavari coal basin, recorded an explosives consumption CAGR of 22.9% during FY07–24, reaching INR 12.9bn. Its stripping ratio increased from 4.2x in FY13 to 6.5x in FY24, signaling deeper mining activity and higher overburden removal per ton of coal.

**Exhibit 26: SCCL explosives CAGR of ~23% CAGR during FY07-24**



Source: SCCL, Elara Securities Research

**Exhibit 27: Stripping Ratio Remains Stable with Periodic Efficiency Improvements**



Source: SCCL, Elara Securities Research

**Global ammunition market poised to benefit from demand-supply mismatch**

The global ammunition industry is playing an indispensable role in modern-day battlefield, supported by rising global defense spending and demand-supply mismatch. India is currently exploring smart and efficient solutions backed by cutting-edge technologies and indigenously developed capabilities, thereby underscoring the domestic defense industry is set to heighten its efforts to produce high quality ammunition for the arms & weapon platforms used by India's Tri-Services and Central Armed Police Forces (CAPF). Furthermore, increased geopolitical uncertainty and supply chain challenges would keep providing opportunities for India's defense firms to explore global ammunition market.

The rapidly evolving geopolitical landscape has resulted in increased demand for ammunition both globally and within India, driven by regional conflicts on account of proposed modernization efforts of the Armed Forces. The global ammunition industry continues to grapple with a significant demand-supply gap and countries across the EU are witnessing domestic production capacity in constraint, making it unable to keep pace amid rising need for advanced weapons. Notably, some regions currently experiencing high intensity conflicts are in dire need to keep investing in defence upgradation programs, which have led to increased reliance on imports to bridge the gap highlighting global interdependence in defence supplies.

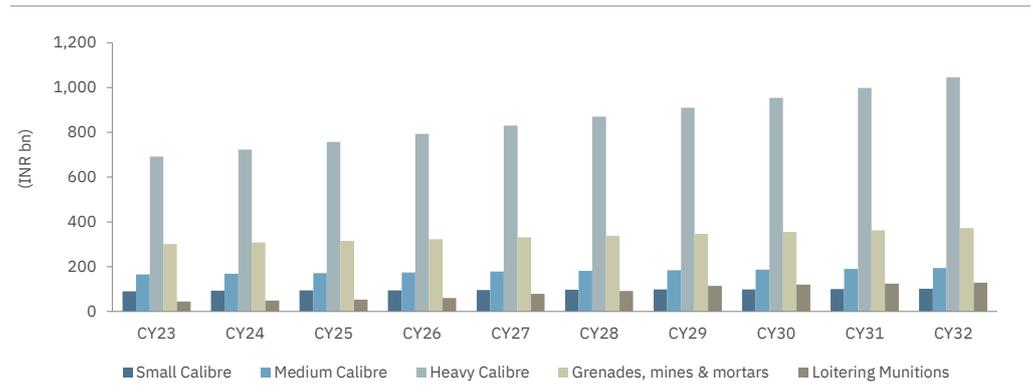
**India's ammunition demand seeing an uptrend**

India is experiencing a similar trend where ammunition demand has been increasing because of border skirmishes, internal security challenges, and the push for modernization. Currently, the nation's domestic production capabilities are not adequate to meet rising demand, leading to continued reliance on imports. Thus, it is imperative India's industry aligns strategy to make sure India's share in the global arms market reaches 30% by CY47.

The global ammunition market was pegged at INR 1.3trn in CY23 and is likely to be at 4% during CY23-32 to INR 1.8trn in CY32. Heavy caliber ammunition accounts for 53.5% of global demand, followed by grenades, mines, and mortars at 23.3% and medium caliber at 12.8%. The small caliber market at INR 89.6bn is likely to increase to INR 101.6bn and volume demand, which was 2.3bn rounds in CY23 and is set to rise to ~2.6bn rounds by CY32. The medium-caliber market was at INR 166bn in CY23 and set to grow to INR 193.7bn by CY32. Demand for various calibers under the medium-caliber ammunition category was 36.0mn rounds in CY23, and it is set to grow to ~41.9mn rounds by CY32 on account of modernization and mechanization of Armed Forces. Global heavy caliber ammunition stood at INR 691.2bn is set to grow to INR 1,046bn by CY32, registering a CAGR of 5% during CY23-32. Demand for various calibers under the heavy-caliber ammunition category was ~1.8mn rounds in CY23 and is set to grow to ~2.8mn rounds by CY32.

In CY23, the global grenade, mortar, and mines demand were estimated at ~1.8mn units and is set to grow to ~2.8mn units by CY32. Global demand for grenades, mines and mortars was ~INR 300.8bn in CY23 and is set to grow to INR 371.8bn by CY32. Global demand for loitering ammunition was ~ 9,450 units in CY23 and is set to grow to 26,905 units by CY32. Loitering ammunition demand was ~ INR 45bn in CY23, primarily driven by modernization of the Armed Forces and demonstrated use of these platforms in foreign conflicts and this demand is set to grow to be ~INR 128.1bn by CY32, registering a CAGR of 12% during CY23-32.

**Exhibit 28: Global ammunition market- to stay robust until CY32**



Source: IISS Database (2023), KPMG Research and Analysis, Inputs from Subject Matter Experts (SME), Elara Securities Research

**India’s ammunition market in the fast lane**

India’s ammunition industry is well poised to grow backed by strategic initiatives and increased security needs with primary drivers being rising geopolitical tensions amid neighbouring countries coupled with the need to replenish national stockpile reserves and a comprehensive modernization program to become self-reliant. India being strategically positioned in South Asia is currently engaged with ongoing regional conflicts with border conflicts being inflated has led to a surge in need for robust and responsive defence stance. FY26 saw the highest-ever defence capex allocation, up 13% YoY to INR 1.8tn. Additionally, domestic procurement as a percentage of defence capex budget stood at INR 1.05tn or 75% of total in FY25BE, the highest allocation in the past four years addressing evolving security challenges and ensuring the Armed Forces are well equipped to handle cross-border conflicts.

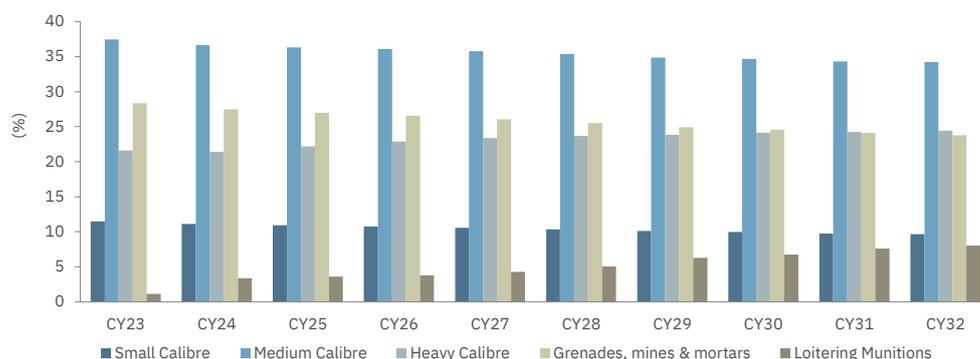
India has an ambitious plan to sustain a robust stockpile of ammunition and replenish it to the extent consumed or expired with a conscious approach to address inventory shortfall to ensure the Armed Forces to have adequate supply for sustained operations. Furthermore, the country has endeavoured to modernize defence programs supported by financial commitments, which includes significant allocation of the defence budget to capital expenditure. Self-reliance is a significant growth driver, propelling the industry toward greater independence and enhanced capabilities.

India's ammunition market is currently experiencing healthy growth with a current market of INR 70.5bn in CY23, contributing to 5.5% of the global ammunition industry, comprising medium caliber, followed by grenade, mines & mortars; the market is set to post a CAGR of 6% to INR 119.8bn during CY23-32, which will represent 6.5% of the global ammunition industry during the same period. In CY23, the small caliber ammunition market in India was ~INR 8.1bn and it is set to rise to INR 11.5bn by CY32. India's Armed Forces, the Central Armed Police Forces (CAPF) and State police forces are major procurers of this ammunition, and they are likely to consume ~158mn rounds pa and set to increase to 225mn units by CY32, with the Armed Forces accounting for 85% of consumption

Demand for medium-caliber ammunition was INR 26.4bn in CY23 and is set to grow to INR 41bn by CY32. Demand for medium-caliber ammunition is spread across all wings of India's military. In CY23, India's military consumed ~5.1mn rounds of medium-caliber annually, and this is set to grow to 7.8mn units by CY32, driven by modernization initiatives. Heavy-caliber ammunition is used primarily by land & naval artillery and Main Battle Tanks (MBT). Similarly, domestic demand for heavy-caliber ammunition was ~INR 15.2bn, and it is set to increase to INR 29.3bn by CY32. In CY23, around 1.8mn rounds of heavy-caliber ammunition were used, and this number is set to grow to 2.8mn rounds by CY32.

Domestic demand for grenades, mines and mortar is set to grow from INR 20bn in CY23 to INR 28.5bn in CY32. In CY23, domestic demand for loitering ammunition was at INR 800mn and set to rise to INR 9.6bn by CY32. Demand for loitering ammunition, which was at 150 units in CY23, and it is set to grow to 1,580 units by CY32.

**Exhibit 29: India's ammunition market-Shift Towards Medium & Heavy Calibre with Gradual Rise in Loitering Munitions**



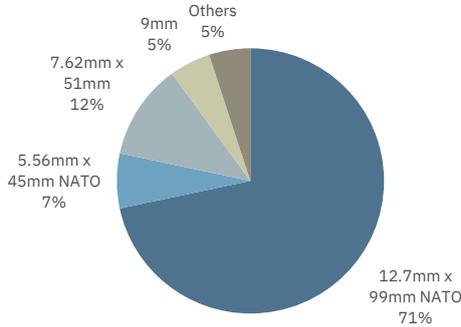
Source: IISS Database (2023), KPMG Research and Analysis, Inputs from Subject Matter Experts (SMEs), Elara Securities Research

Based on application type and design capabilities, ammunition is categorized into following types:

- ▶ **Small caliber:** Small-caliber ammunition usually refers to calibers smaller than 14.7mm. It encompasses various caliber sizes, including 5.56mm, 7.62mm, 9.0mm, and 12.7mm, each designed for specific applications. The 5.56 x 45.00mm NATO round is widely used by India's Armed Forces and paramilitary units. For precision-shooting, machine guns, and single-shot rifles, the 7.62 x 51.00mm and 12.7 x 99.00mm NATO rounds are favoured. In contrast, 9.00mm, 0.38mm calibre, and 0.45mm ACP are the standard choices for pistols, employed by military and law enforcement personnel

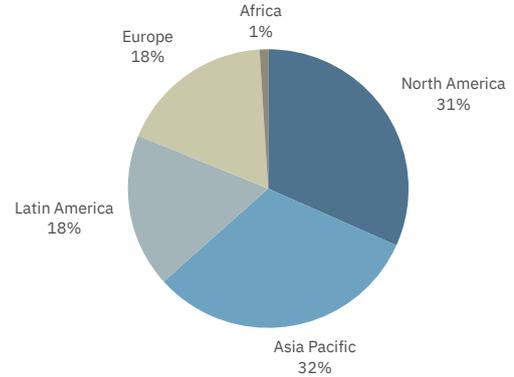
The 12.7mm and 7.72mm calibre ammunition are among the most used, as they are versatile, and account for ~80% of total demand. North America, the EU and Asia-Pacific collectively account for 79% of demand in CY23.

**Exhibit 30: Global small caliber ammunition demand- 12.7mm x 99mm NATO dominating major share**



Source: IISS Database (2023), KPMG Research and Analysis, Inputs from Subject Matter Experts (SME), Elara Securities Research

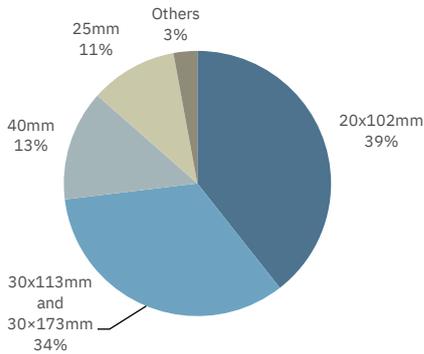
**Exhibit 31: - North America dominating small caliber ammunition demand**



Source: IISS Database (2023), KPMG Research and Analysis, Inputs from Subject Matter Experts (SME), Elara Securities Research

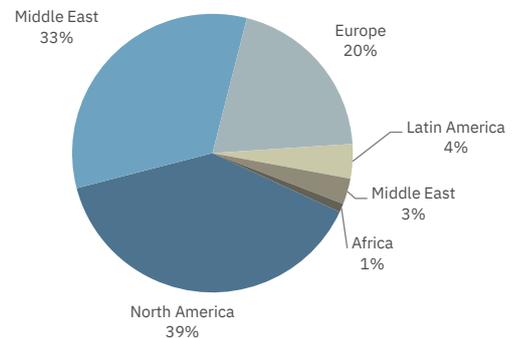
- ▶ **Medium caliber:** Medium caliber ammunition covers calibers between 20mm and 60mm. It encompasses high-performance rounds in the 20mm, 25mm, 30mm, and 40mm range. In India, infantry fighting vehicles (IFV) predominantly utilize 30mm ammunition of Soviet Union or Russian origin, while newer platforms are increasingly adopting NATO-standard ammunition. This type is commonly employed in aircraft, anti-aircraft artillery, and naval ships, which are equipped with autocannons, featuring calibers between 20mm and 40mm. Medium-caliber ammunition, used in machine guns, has larger projectiles and more propellant for extended range. These versatile munitions are integral to modern defence systems, providing robust firepower across military platforms
- ▶ The 20mm and 30mm ammunition are among the most used caliber as they are highly versatile, and account for ~76% of total demand. North America, the EU, and Asia collectively account for most medium caliber demand, about 92% of total. The US is one the largest producers and consumers of these calibre ammunition, owing to its large fleet of land, arial and naval platforms. North America, the EU, and Asia collectively account for most medium-caliber demand, about 94% of worldwide demand.

**Exhibit 32: Global medium caliber ammunition demand**



Source: IISS Database (2023), KPMG Research and Analysis, Inputs from Subject Matter Experts (SMEs), Elara Securities Research

**Exhibit 33: North America & Middle East dominating Medium caliber ammunition demand**



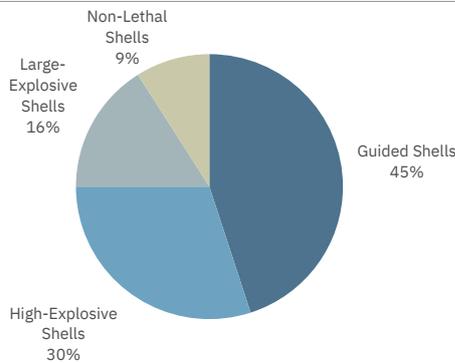
Source: IISS Database (2023), KPMG Research and Analysis, Inputs from Subject Matter Experts (SMEs), Elara Securities Research

- ▶ **Large caliber:** Large-caliber ammunition refers to calibers greater than 60mm. Large-caliber ammunition, used in land & naval artillery, tanks, and infantry support weapons incorporate advanced propellant systems and electronic components like fuses & guided systems. Large-caliber ammunition usually refers to ammunition of 105mm and 120mm calibers, widely used in military applications. India's Navy, for instance, employs 76mm naval guns across its major

surface combatant vessels. Additionally, India's Army is progressively standardizing its artillery on 155mm-caliber systems to enhance operational efficiency and firepower consistency across artillery units. We note manufacturing facilities for large-caliber ammunition cannot be adapted for small-caliber production due to distinct technical requirements involved in handling and producing different caliber sizes. Each caliber needs specialized infrastructure and equipment tailored to its specific production demands

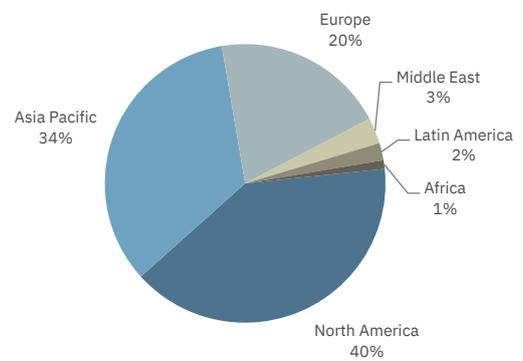
- ▶ The 155mm NATO, 105mm NATO, 120mm NATO and 152mm Russian, 125mm Russian shells are among the most widely used shells in the world whereas 120mm and 125mm shells are the standard tank ammunition for the NATO and the Russian-standard main battle tanks (MBT). Market for guided shells is small in terms of volume, although it accounts >45% of the market by value, owing to high per unit prices over unguided shells. South Korea, Russia and the NATO countries led by the US are among the largest producers of heavy-caliber artillery shells and platforms

**Exhibit 34: Guided shells & High Explosive Shells- Major Global heavy caliber ammunition demand drivers**



Source: IISS Database (2023), KPMG Research and Analysis, Inputs from Subject Matter Experts (SME), Elara Securities Research

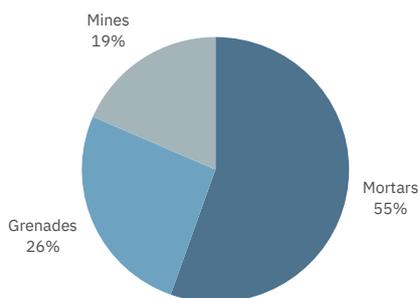
**Exhibit 35: Heavy caliber ammunition demand reliant on North America & Asia Pacific**



Source: IISS Database (2023), KPMG Research and Analysis, Inputs from Subject Matter Experts (SME), Elara Securities Research

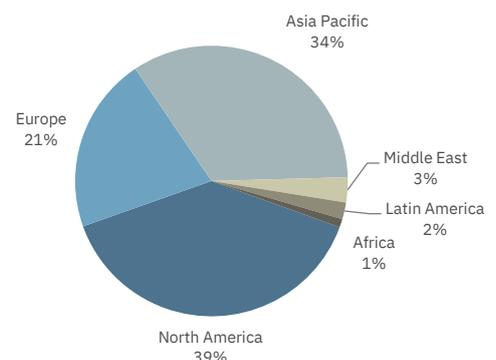
- ▶ **Grenades, mortars, and mines:** The most used munitions include 51mm and 81mm mortar rounds, multi-mode followed by fragmentation grenades, including land and naval mines. Mortars account for ~59% of total demand, followed by grenades at 24% and mines at 17%. Broadly, North America and Asia-Pacific together represent ~75% of global demand led by recent conflicts in the EU. With naval mines have lower production volume, unit prices continue to be driven by greater size and complexity. On the other hand, land mines face strict global treaties, restricting their use and deployment moderating demand. Mortar shells find applications in training whereas grenade training usually relies on specially designed reusable grenades.

**Exhibit 36: Global Mortars and grenades demand at a record high**



Source: IISS Database (2023), KPMG Research and Analysis, Inputs from Subject Matter Experts (SME), Elara Securities Research

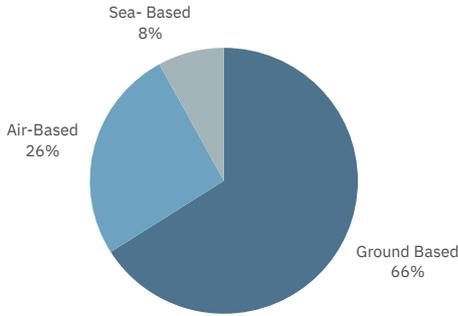
**Exhibit 37: Global Mortars and grenades demand dependent on North America & Europe**



Source: IISS Database (2023), KPMG Research and Analysis, Inputs from Subject Matter Experts (SME), Elara Securities Research

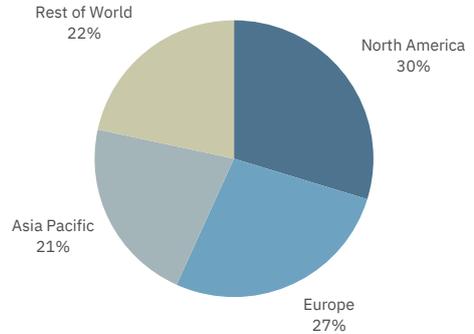
- ▶ **Loitering ammunition:** Majority of these platforms are deployed from ground-based launchers, with aircraft launched and ship-launched systems being relatively less in use

**Exhibit 38: Ground Based Loitering ammunition remain a preferred choice**



Source: IISS Database (2023), KPMG Research and Analysis, Inputs from Subject Matter Experts (SME), Elara Securities Research

**Exhibit 39: North America & Europe bolstering Loitering ammunition market**



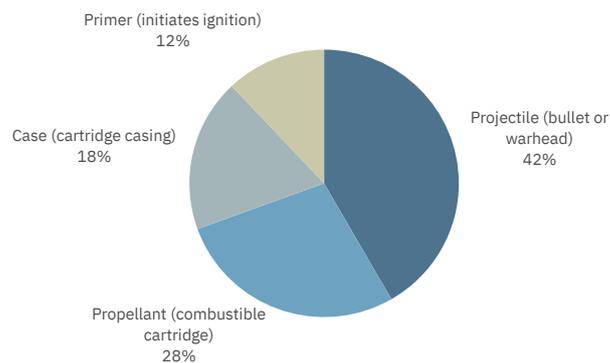
Source: IISS Database (2023), KPMG Research and Analysis, Inputs from Subject Matter Experts (SME), Elara Securities Research

**Cost analysis of ammunition**

The cost structure of ammunition is a key determining factor of manufacturing economics and procurement efficiency. Ammunition consists of several components, each contributing differently to overall cost. The projectile—comprising bullet or warhead—accounts for the largest share, at 40–50% of total cost, reflecting its material intensity and design complexity. The propellant, which enables projectile propulsion through controlled combustion, represents a significant 25–30% of cost.

Other components contribute smaller but still meaningful portions. The cartridge casing accounts for 12–20%, driven by metal prices and forming processes while the primer, which initiates ignition, contributes 10–13%. Understanding cost distribution is critical for optimizing production efficiency, managing input cost, and improving budgeting discipline across defence ammunition manufacturing.

**Exhibit 40: Cost analysis of component of ammunition**

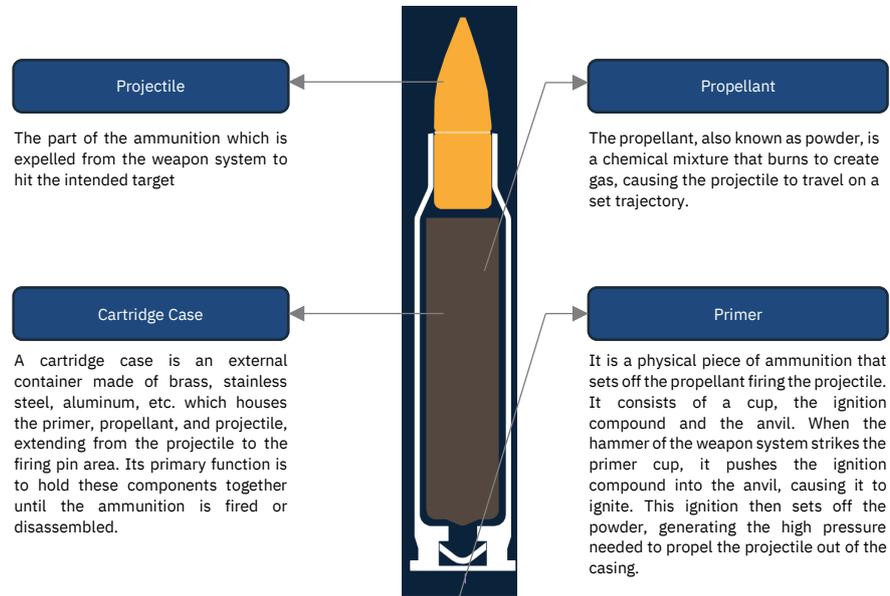


Source: SMPP DRHP, Elara Securities Research

Combustible cartridge cases offer several benefits compared to traditional brass cases. They are entirely combustible, eliminating the presence of spent cases. This leads to a better crew compartment environment by reducing toxic fumes and minimizing clutter from spent metals. Additionally, these cartridges can enhance firing rates and decrease barrel wear. In large calibre bi modular charge system is used. It consists of two types of modules: the bottom Charge module, designed for short-range fire and comprising one Zone-1 module and two Zone-2 modules, and the top Charge module, which covers long and maximum ranges with three to six modules spanning Zones 3 to 6. BMCS offers significant advantages over traditional charges, including simpler operations and reduced logistical demands for storage, transportation, and combat scenarios.

It enables effective firing distances from 5 to 43km with some range overlap. Key benefits include enhanced safety due to uniform modules, ease of tactical firing, elimination of residual charge demolition, and a longer shelf life. Furthermore, the modular charge system can be utilized with any 155mm gun firing systems (39, 45, and 52 caliber) due to its flexible design and military background.

**Exhibit 41: Components in an ammunition**



Source: Ammo India 2024, KPMG, Elara Securities Research

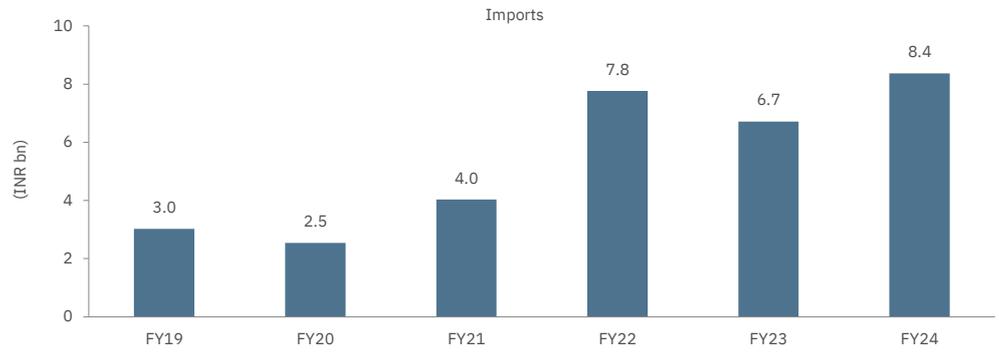
**India to ditch ammunition imports amid indigenization plans**

Over the years, India has seen a major shift in its import-export strategy as historically the country has been relying on imports of military equipment, including various types of ammunition from countries like Russia, the US, and France, and has been driven by robust technological advancements & increased levels of indigenization underpinned by the “Make in India” initiative focused on reducing dependency on foreign imports, bolstering in-house capabilities

India’s Armed Forces are aggressively pursuing absolute self-reliance in ammunition manufacturing by CY25-end, spurred by critical shortages during *Operation Sindoor*. Lieutenant General Amardeep Singh Aujla, Master General Sustainance of the Indian Army, said, “The first phase is by 2025, the Armed Forces should be 100% indigenous for all its needs despite industry challenges attributed to inadequate production capacity. He also mentioned out of 175 variants of ammunition in the inventory, 154 are indigenous.

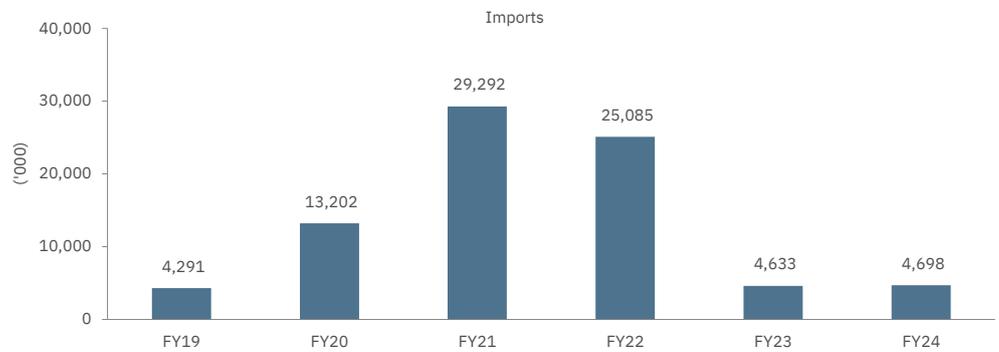
India imported ammunition’s worth INR 8.3bn in terms of value & 4.7mn rounds in volume during CY23-24. Defence Public Sector Undertakings are broadly able to satisfy domestic consumption in the case of small-caliber ammunition while India continues to rely predominantly on imports from the EU & the Russian counterparts and dependency is even higher with regards to advanced precision-guided ammunition. However, for the past few years, consistent push for indigenization has led to reduction in imports and India’s Defence ecosystem is currently working toward achieving self-reliance; the country aims to be become a net exporter of ammunition in the next few years.

**Exhibit 42: India imports to see a decline in the upcoming years**



Source: Exports and Imports Trade Statistics, Ministry of Commerce and Industry, Department of Commerce, Government of India, July 2024, Elara Securities Research

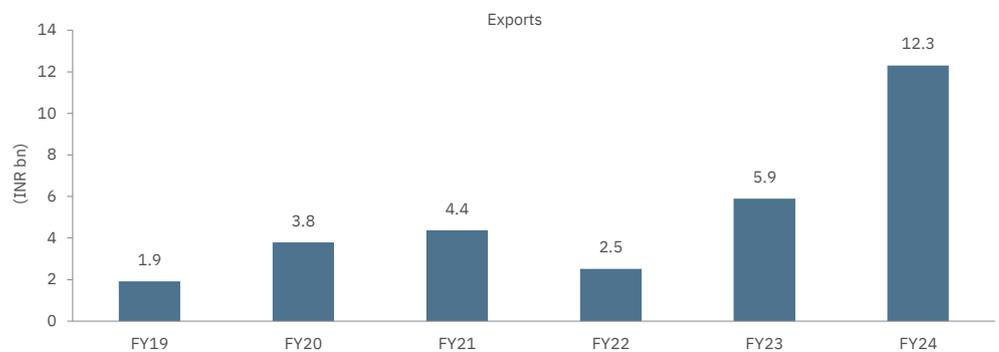
**Exhibit 43: Historical values of defence imports share of components at a declining trajectory**



Source: Export and Import trade statistics, Ministry of Commerce and Industry, Department of Commerce, Government of India, July 2024, Elara Securities Research

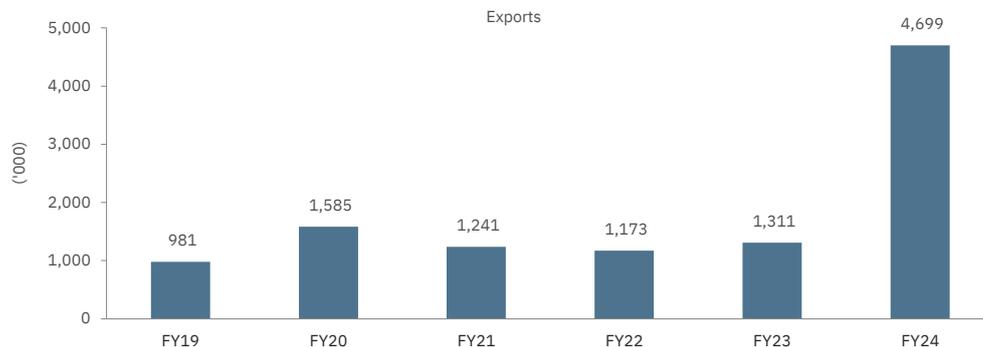
India’s total ammunition exports stood at INR 12.3bn in terms of value and 4.7mn in volume terms . There has been focus on indigenization in the defense sector under the “Make in India” policy, which enables increased participation from private firms in terms of ammunition manufacturing. Exports involve small caliber ammunition and associated components (machined) of various caliber.

**Exhibit 44: Defence exports on an upward trajectory**



Source: Exports and Imports Trade Statistics, Ministry of Commerce and Industry, Department of Commerce, Government of India, July 2024, Elara Securities Research

**Exhibit 45: Exports share of components have risen substantially in FY24**



Source: Exports and Imports Trade Statistics, Ministry of Commerce and Industry, Department of Commerce, Government of India, July 2024, Elara Securities Research

**India's defence allocation on capital spending up 21.8% over FY26BE**

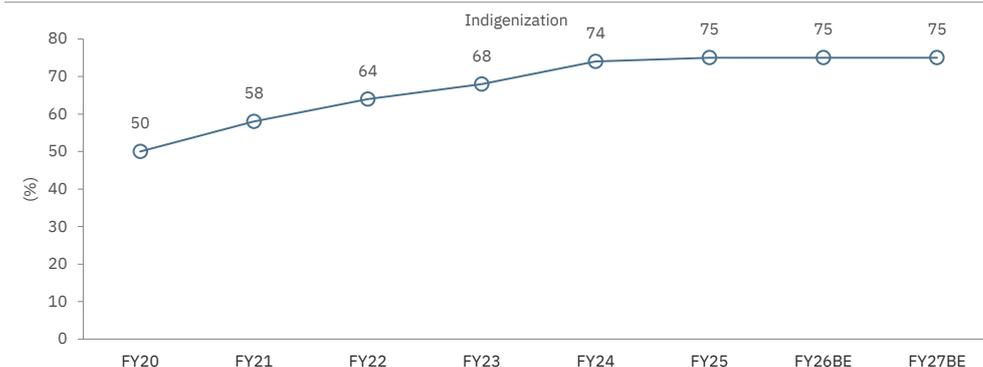
India's defence budget is pegged at INR 7.8tn, accounting for 15% of the Union Budget, up 15% YoY over FY26BE (Source: India Budget). Of this, allocation for capital spending has been raised by 18% YoY in FY27BE over FY26BE to INR 2.2tn. Segment-wise, allocation for aircraft and aero engines declined 12% YoY, likely due to a rise in imports of the *Rafale M*, the *MQ9B* drones and MH-60R helicopters, while allocation to construction increased by 24% YoY, heavy vehicles by 24% YoY, naval fleet by 17% YoY, and other equipment by 62% YoY. Given the current geopolitical scenario, a quantum jump in modernization budget is necessary. MoD has earmarked 75% of capital acquisition budget for procurement through domestic industries during FY26-27.

**Exhibit 46: Defence capex jumps 18% YoY to INR 2.2tn in FY27BE vs FY26RE**



Source: India Defence Budget, Elara Securities Research

**Exhibit 47: Indigenization to remain at ~75% levels**



Source: India Defence Budget, Elara Securities Research

**EU’s defence ramp-up: Advantage India**

The European Union (EU) announced a rearmament plan for the EU of EUR 800bn (~USD 850bn) including support of Ukraine after the US suspended military aid. The EU expects its member nations to raise their defence spend by 1.5% of GDP, which could result in EUR 650bn cumulatively for the next four years. It also announced a joint borrowing instrument for EU countries of EUR 150bn for ramping up defence capabilities. There has been rising interest among global defence OEM to look at domestic public and private defence manufacturers to outsource & procure subsystems for defence equipment.

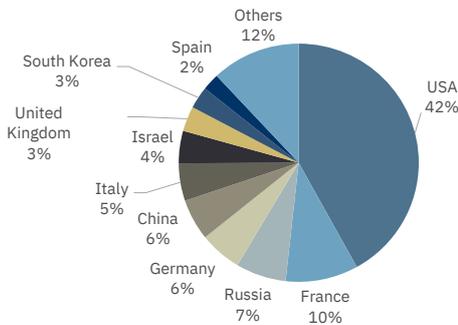
Currently, the US, France and Armenia are the Top 3 exports countries for India; domestic companies to date have supplied weapons and equipment, such as the 155mm artillery guns, the *Akash Air Defence* missile, the *Pinaka* multi-launch rocket system, the *BrahMos* missile, artillery guns, Dornier-228 aircraft, radars, armoured vehicles, fuselage and wings for aircraft & helicopters, bulletproof vests, night vision equipment and electronics.

**Middle East to ramp-up defence spending**

Heightened geopolitical tensions in the Middle East driven by the Iran-Israel war is set to bolster defence spending and replenishment demand for military equipment, which includes missiles, air-defence systems, surveillance technologies and electronic warfare solutions. The Middle East alone has accounts for 26% of total global arms import (Source: SIPRI); it is well poised to enhance further opening up a plethora of opportunities for India’s domestic defence firms. Within the Middle East region, Israel’s arms imports have risen 12% during CY16-20 and CY21-25.

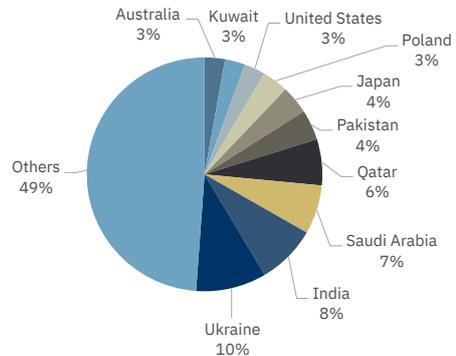
The US remains the largest supplier to Israel during CY21-25 accounting for 68% of total Israeli arms imports followed by Germany (31%). Israel’s arms imports from the USA included armored vehicles, combat aircraft, guided bombs and missiles. As on CY2-end, Israel had at least 55 combat aircraft on order from the US. Iran’s imports of major arms accounted for 0.2% of total arms imports by States in the Middle East during CY21-25; this was lower than its share during CY16-20 (0.9%). Iran’s only supplier of major arms in CY21-25 was Russia.

**Exhibit 48: Global share of exports of major arms led by US**



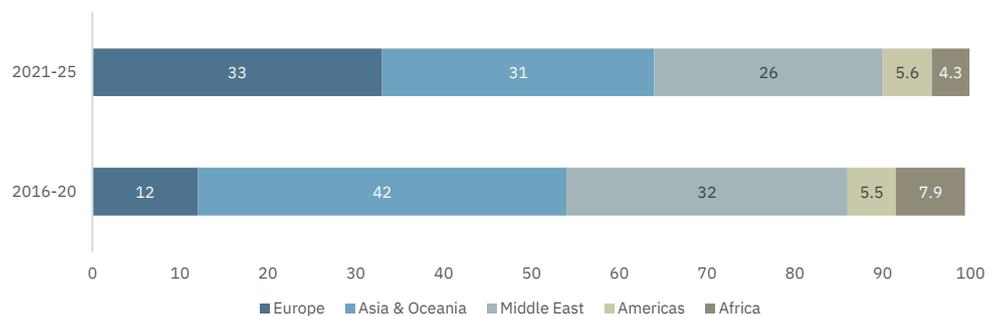
Source: SIPRI Arms Transfers Database, March 2026, Elara Securities Research

**Exhibit 49: Global share of imports of major arms by the 10 largest recipients**



Source: SIPRI Arms Transfers Database, March 2026, Elara Securities Research

**Exhibit 50: Major arms importers by region during 2021-25 and 2016-20 (% of global share)**



Source: SIPRI Arms Transfers Database, March 2026, Elara Securities Research

## Valuations and recommendation

- ▶ Revenue CAGR of 25%, EBITDA CAGR of 27% and a PAT CAGR of 28% during FY25-28E
- ▶ Return ratios to remain stable during FY26-28
- ▶ Initiate with **Buy** and TP of INR 15,450, implying 24% upside

### Revenue CAGR of 25% over FY25-28E

SOIL has posted a revenue CAGR of 19% over FY14-25 to INR 75.4bn, driven by robust growth in the key business segments. The company reported an 19% revenue CAGR during FY15-25, reaching INR 75.4bn, underpinned by broad-based growth across segments. Performance was driven by several growth drivers: 1) early double-digit domestic growth led by CIL & SCCL and the institutional channel, aided by capacity addition and acquisitions, 2) a sharp scale-up in defense revenue to INR 13.5bn by FY25, and 3) sustained double-digit overseas growth via the entry into the new markets, expanding to 90+ countries.

We expect a revenue CAGR of 25% during FY25-28E, led by execution of a strong defense orderbook of INR 212bn, capacity expansion in India, foray into new geographies, such as Kazakhstan, Saudi Arabia and Thailand with a gradual ramp-up of its overseas business; long-term international target is likely to sustain at a 15% revenue CAGR.

**Exhibit 51: Revenue CAGR of 25% during FY25-28E**



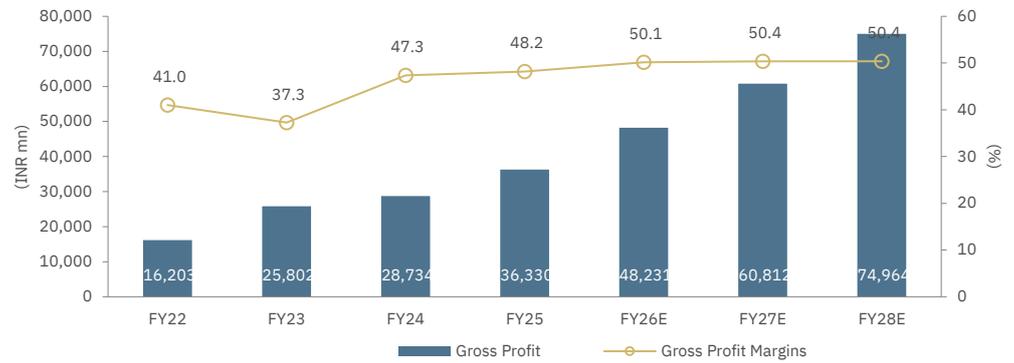
Source: Company, Elara Securities Estimate

### EBITDA CAGR of 27% during FY25-28E

Gross margin has sustained in the range of ~45-47%, barring FY22-23 when elevated ammonium nitrate (AN) prices compressed margin, due to limited pass-through with AN prices being largely stabilized. The company enjoys industry-leading gross margin, underpinned by scale-led raw materials procurement efficiency, deep manufacturing-level raw material integration (especially in industrial explosives), and a favorable product mix with a higher contribution from detonators & accessories. We expect gross margin to sustain at ~50% during FY26-28E. Strong gross margin and disciplined cost control drove EBITDA margin to a peak in FY25.

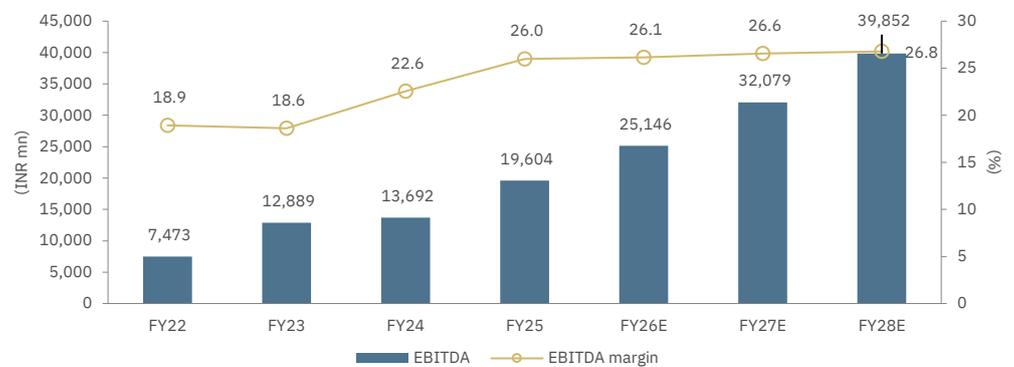
While further scaling up of the high-margin defense business and operating leverage should provide support, we expect EBITDA margin at ~26% during FY26-28E. SOIL reported an EBITDA CAGR of 23% during FY14-25; we assume an EBITDA CAGR of 27% during FY25-28E, driven by execution of better margin defense & export orders, cost optimization and operating leverage.

**Exhibit 52: Stable gross margin at ~50% during FY26-28E**



Source: Company, Elara Securities Estimate

**Exhibit 53: EBITDA CAGR of 27% CAGR during FY25-28E**

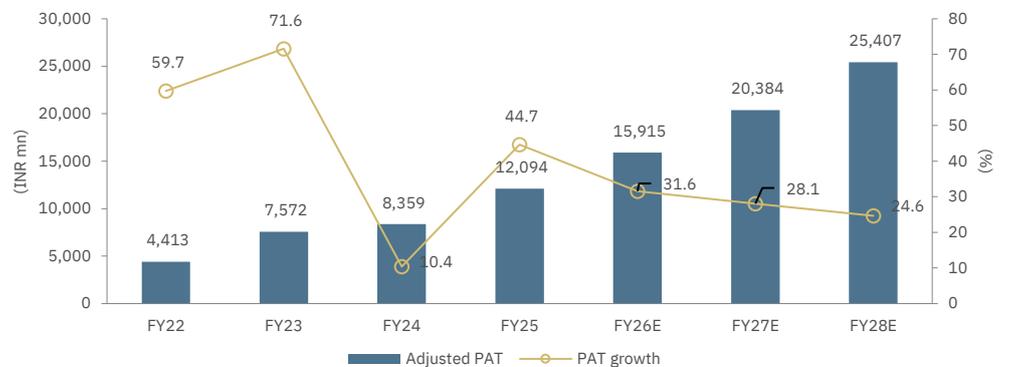


Source: Company, Elara Securities Estimate

**PAT CAGR of 28% during FY25-28E**

SOIL has reported a 23% PAT CAGR during FY14-25, and it is set to deliver a 28% CAGR during FY25-28E. This is to be led by increased scale of defence order execution and continued focus on developing new revenue streams from the overseas markets & operational scalability from existing geographies despite higher depreciation cost arising from capitalizing newer assets and higher other income.

**Exhibit 54: PAT CAGR of 28% CAGR during FY25-28E**

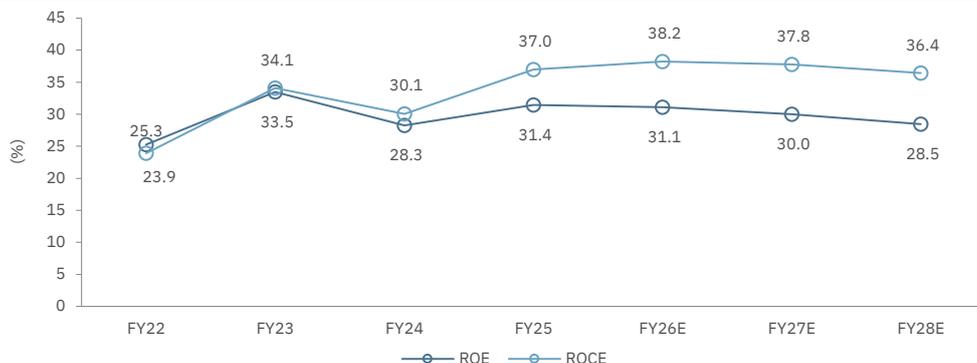


Source: Company, Elara Securities Estimate

**ROE and ROCE to remain stable during FY25-28**

Despite an asset-heavy model and higher working capital requirements, SOIL witnessed a robust ROE and ROCE of 32% & 37%, respectively, in FY25. We expect return ratios to remain stable during FY26-28, led by cost optimization and a higher contribution from the defence & services businesses, which are more margin-accretive

**Exhibit 55: ROE and ROCE to remain stable during FY25-28**



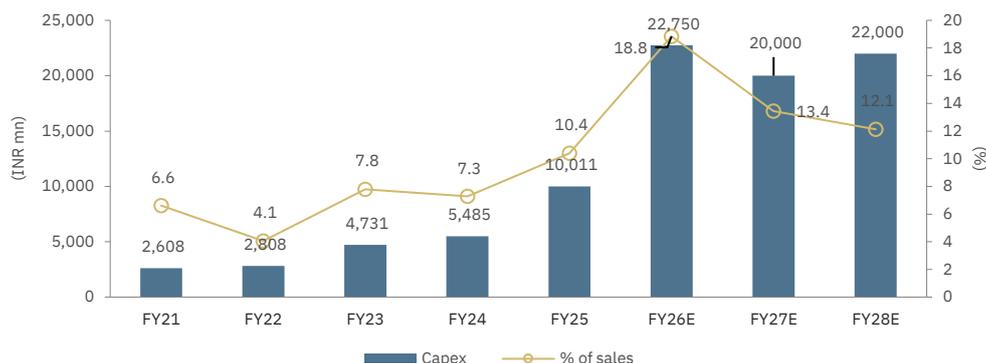
Source: Company, Elara Securities Estimate

**Capex to remain mainstay for growth**

In the next five years, we expect SOIL to significantly step-up investments to build capability across defence and non-defence segments. Capex during the earlier five-year periods of FY06-10, FY11-15 and FY16-20 stood at INR 325mn, INR 985mn & 2.0bn, respectively. It rose sharply to INR 5.2bn during FY21-25 as the company began investing in defence capabilities. SOIL has outlined a capex plan of INR 25bn for FY26; it has incurred capex of INR 7.6bn in H1FY26. However, it highlighted some capex may get deferred to the next year on account of heavy & prolonged Monsoon season.

We expect capex to remain stable at INR 22bn each in FY26E, FY27E and FY28E, led by huge capex lined for capacity addition across defence segments

**Exhibit 56: Capex as a % of gross block**

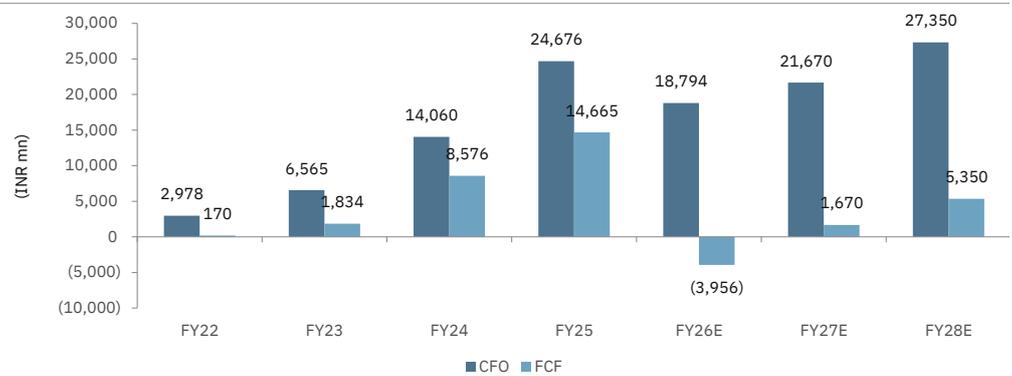


Source: Company, Elara Securities Estimate

**FCF to turn positive by FY28E**

SOIL has witnessed a robust CFO of INR 24.6bn in FY25, registering a 102% CAGR during FY22-25, leading to healthy free cash generation of INR 14.6bn, thereby posting a 342% CAGR during the same period. However, we expect FCF to remain negative in FY26, led by higher capital expenditure & stretched working capital, but turn positive at INR 5.3bn in FY28E.

**Exhibit 57: FCF to turn positive by FY28**

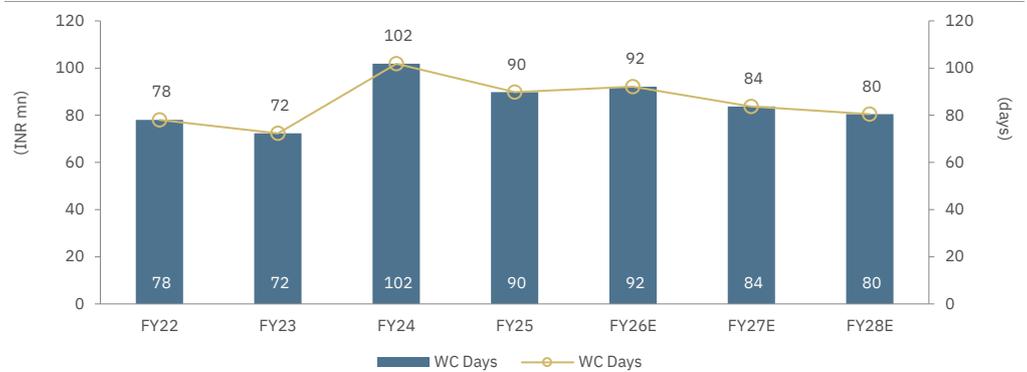


Source: Company, Elara Securities Estimate

**Normalized working capital during FY25-28**

SOIL had witnessed a rise in working capital days during FY20-23, due to higher inventory and debtor days. However, driven by better term orders and growth of the services segment, we expect working capital days to reduce to 80 days in FY28E from 90 days in FY25.

**Exhibit 58: Net working days to remain stable**



Source: Company, Elara Securities Estimate

**Initiate Buy with a TP of 15,450, implying upside of 24%**

We initiate coverage of SOIL with a **Buy** rating and a TP of INR 15,450 based on 55x March FY28E P/E, as we believe defence and exports along with robust overseas business performance is on track to deliver robust performance in the next five years with traditional business performance on a stable footing.

We remain enthused about the defence and exports business where the company continues to expand its scale and scope; its defence business has to be viewed beyond the *Pinaka* as it is rapidly developing its portfolio by foraying into UAV, ATGM & CDS; each of these segments have the potential similar to or higher than the *Pinaka*. SOIL's prospects remain promising, given EBITDA margin is likely to sustain ~27% for the next few years, led by execution of better margin defence and exports orders.

We expect an earnings CAGR of 28% during FY25-28E, with an average ROE and ROCE of 30% & 38%, respectively, during FY26-28E.

### Exhibit 59: Peer valuation

Company	Ticker	Rating	Mcap (INR bn)	CMP (INR)	TP (INR)	Upside (%)	P/E (x)				EV/EBITDA (x)				ROE (%)			
							FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Bharat Electronics	BHE IN	Accumulate	3,017	413	485	17	56.6	49.0	40.8	35.0	42.7	39.0	32.7	27.7	29.3	28.2	28.2	27.1
<b>Solar Industries</b>	<b>SOIL IN</b>	<b>Buy</b>	<b>1,121</b>	<b>12,387</b>	<b>15,450</b>	<b>24</b>	<b>93.2</b>	<b>70.8</b>	<b>55.3</b>	<b>44.4</b>	<b>57.4</b>	<b>44.9</b>	<b>35.2</b>	<b>28.2</b>	<b>31.4</b>	<b>31.1</b>	<b>30.0</b>	<b>28.5</b>
Zen Technologies	ZEN IN	Buy	123	1,340	2,025	51	44.6	61.0	36.1	27.4	33.3	51.2	28.4	25.0	27.9	13.7	19.6	21.0
Datapatterns	DATA PATT IN	NR	175	3,125	NR	-	42.7	66.0	50.2	39.7	32.8	49.7	37.9	30.2	15.7	16.2	18.6	19.6
Premier Explosives	PRE IN	NR	24	445	NR	-	63.0	40.0	33.0	25.0	30.0	33.0	27.0	19.0	12.0	21.0	20.0	21.0

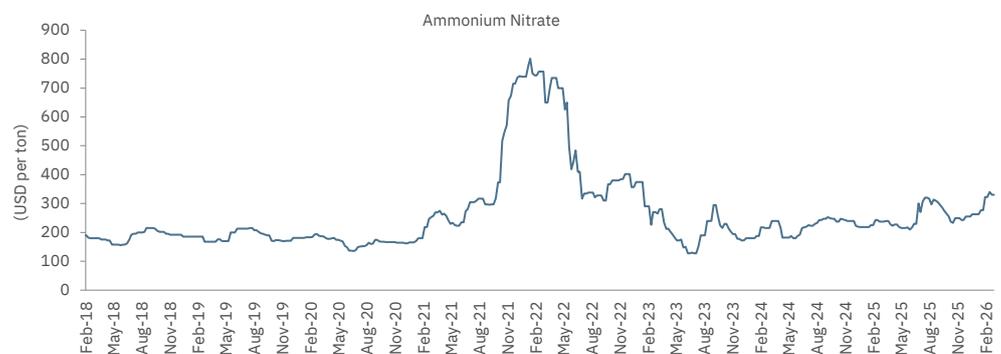
Source: pricing as on 23 March 2026; Source: Bloomberg Consensus for Not Rated companies, Company, Elara Securities Estimate

### Exhibit 60: Trading at a one-year forward P/E of ~55x



Source: Bloomberg, Company, Elara Securities Estimate

### Exhibit 61: Stable ammonium nitrate prices



Source: Bloomberg, Elara Securities Research

### Exhibit 62: Valuation Table

<b>(INR)</b>	
EPS – FY26E	175.9
EPS – FY27E	225.2
Five-year average P/E (x)	77.8
Target multiple (x)	55
March FY28E EPS	281
<b>Target price</b>	<b>15,450</b>

Source: Elara Securities Estimate

## Key risks

- ▶ Delay in execution of large defence orders – the *Pinaka* rocket systems and loitering munitions
- ▶ Subdued growth in exports & domestic markets
- ▶ Fall in ammonium nitrate prices, leading to negative price cost spread
- ▶ Slow traction in the construction & infrastructure segments

## Company Description

Incorporated in 1995, Solar Industries India (SOIL IN) is an India-based integrated global explosives company. The company is primarily involved in the manufacturing of a complete range of industrial explosives and explosive initiating devices. Its segments are explosives and its accessories. The products include industrial explosives and defense. Its industrial explosives products include packaged emulsion & bulk explosives and explosive initiating systems. Its industrial explosives include Superpower 90, Solar Gel, Solar Prime, Solar Prime Gold, Eco Power, and others. The defense products include high energy materials, such as high melting explosives (HMX), Research Department Explosive (RDX), Trinitrotoluene (TNT) and their compounds; composite propellants for the *Pinaka*, *the Akash*, *the BrahMos*, the Propellant Strap-on Motor - Extended Length (PSOMXL) and the *Skyroot*; 30mm ammunition, multi-mode hand grenade, mines, warheads, bund-blasting device, artillery fuses, (ASW) fuses, *Pyros* and igniters, chaff payloads, loitering munition, rocket integration, and explosives filling of ammunition.

## Board of Directors & Management

Member	Designation	Experience
Satyanarayan Nandlal Nuwal	Chairman and Non-Executive Director	In-charge of business management and corporate planning
Manish Satyanarayan Nuwal	Managing Director & CEO	Chartered Accountant. Joined SOIL when the company ventured into its first manufacturing foray
Suresh Menon	Executive Director	30 years of experience in the coal, mining and explosives industries
Milind Deshmukh	Executive Director	Played a key role in managing operations, expanding business, relationship management with key stakeholder and project management
Dinesh Kumar Batra	Non-Executive Independent Director	30 years of experience in management fields such as marketing, finance, accounts, corporate governance, and risk management

Source: Company, Elara Securities Research

## Annexure I: Product portfolio

### Exhibit 63: UAS & drones

Nagastra 1 (Loiter Munition 1)	Nagastra 2 (Loiter Munition 2)	Rudrastra (Hexacopter)	Payloads for Weaponization of Drones	VTOL

Source: Company, Elara Securities Research

### Exhibit 64: Ammunitions

Multi-Mode hand grenades	81 mm AT-AL smoke grenade	40mm	23mm	155mm

Source: Company, Elara Securities Research

### Exhibit 65: Ammunitions

HMX	TNT	RDX

Source: Company, Elara Securities Research

### Exhibit 66: Bombs & warheads

Air Bomb 250kg	Air Bomb 125kg	Konkur	Inwar Torpedoes	Warheads for rockets and missiles
Air Bomb 500kg	Air Bomb 1000kg			

Source: Company, Elara Securities Research

### Exhibit 67: Rockets & missiles

Bhargavastra	Pinaka MK-1	Pinaka Enhanced	Pinaka Guided	Booster for BrahMos

Source: Company, Elara Securities Research

**Exhibit 68: Initiating systems & Detonix**



Source: Company, Elara Securities Research

**Exhibit 69: Chaff & flares**



Source: Company, Elara Securities Research

**Exhibit 70: Mines**

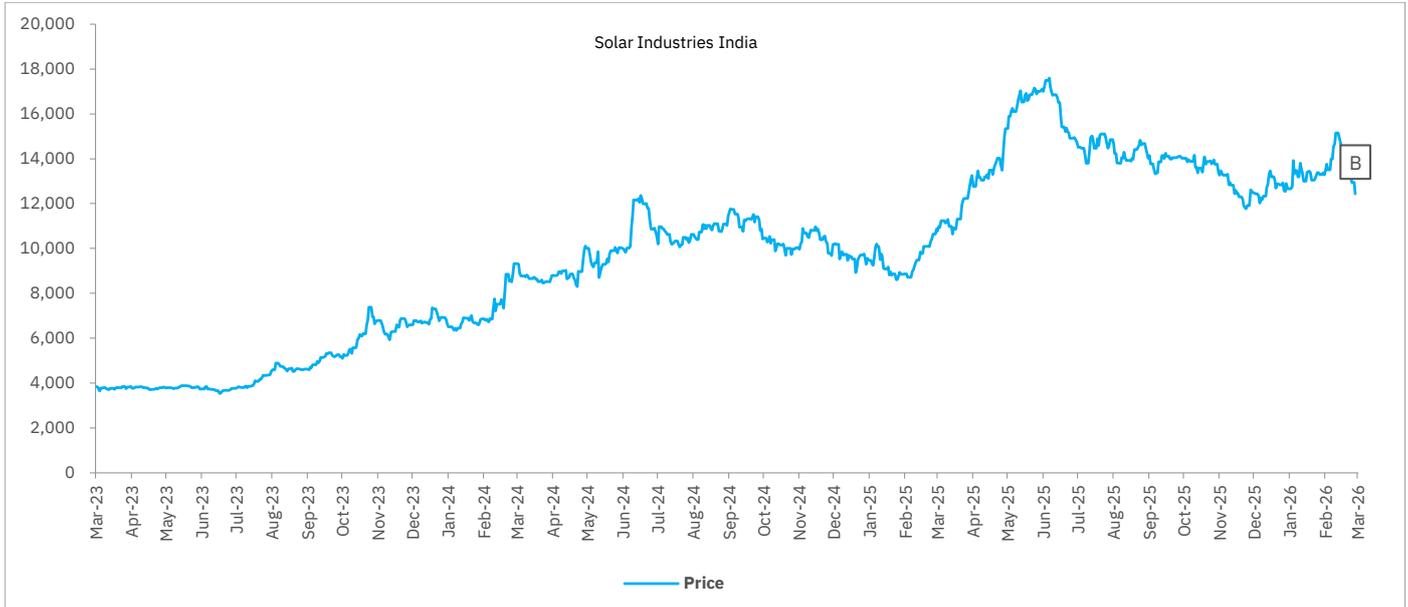


Source: Company, Elara Securities Research

## Abbreviations and Acronyms

Acronym	Full form
UAV	Unmanned Aerial Vehicles
CDS	Counter Drone Systems
ATGM	Anti-Tank Guided Missiles
HMX	High Melting Explosives
MALE	Medium Altitude Long Endurance
ADM	Aerial Denial Munition
HEPF	High Explosive Pre-Fragmented
MLRS	Multiple Launch Rocket System
DEPS	Defence Export Promotion Scheme
VTOL	Vertical Take-Off and Landing
MoD	Ministry of Defence
OEM	Original Equipment Manufacturer
RHM	Rheinmetall
NATO	North Atlantic Treaty Organization
BSF	Border Security Force
PETN	Pentaerythritol tetranitrate
RDX	Research Department Explosive
TNT	Trinitrotoluene
PSOMXL	Propellant Strap-on Motor - Extended Length
GAAP	Generally Accepted Accounting Principles
IFRS	International Financial Reporting Standards
IndAS	Indian Accounting Standards
UAS	Unmanned Aircraft System
FCF	Free Cash Flow
CFO	Cash flow from operations
CIL	Coal India Limited
SCCL	Singareni Collieries Company Ltd
DPIIT	Department for Promotion of Industry and Internal Trade
DPSU	Defence Public Sector Undertaking
MALE	Medium Altitude Long Endurance
GPS	Global Positioning System
TGM	Terminally Guided Munitions

## Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
23-Mar-2026	Buy	15,450	12,430

### Guide to Research Rating

<b>BUY (B)</b>	Absolute Return >+20%
<b>ACCUMULATE (A)</b>	Absolute Return +5% to +20%
<b>REDUCE (R)</b>	Absolute Return -5% to +5%
<b>SELL (S)</b>	Absolute Return < -5%

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