PL Capital
PRABHUDAS LILLADHER
INSTITUTIONAL EQUITIES

INITIATING COVERAGE
September 2026

Solar Industries India (SOIL IN)

Scaling Global Explosives, Building Defense Powerhouse

Rating: BUY | CMP: INR 19,730 | TP: INR 23,124

Amit Anwani
amitanwani@plindia.com
+91-22-66322250

Hitesh Agarwal
hiteshagarwal@plindia.com
+91-22-66322535

Devansh Dedhia
devanshdedhia@plindia.com
+91-22-66322324

Contents

Solar Industries India (SOIL IN)

Initiating Coverage

September 23, 2026

Key Data	SLIN.BO | SOIL IN
BSE Code	532725
NSE Code	SOLARINDS
52-W High / Low	INR 22,700 / INR 11,641
Face Value	2
Sensex / Nifty	74,828 / 23,447
Market Cap	INR 1,785 bn / $ 18,647 mn
Shares Outstanding	90.49 mn
3M Avg. Daily Value	INR 3,691.09 mn

Shareholding Pattern (%)

Promoters	73.15
FIIs	6.40
Mutual Funds	12.25
Domestic Instituions	1.10
Public & Others	7.10
Promoters Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(0.9)	8.2	58.7	38.8
Relative	2.7	10.2	54.2	52.3

Key Financials - Consolidated

Y/e Mar	FY26	FY27E	FY28E	FY29E
Sales (INR mn)	98,377	136,400	171,693	207,332
EBITDA (INR mn)	26,254	36,896	47,164	57,224
Margin (%)	*26.7*	*27.1*	*27.5*	*27.6*
PAT (INR mn)	16,802	23,843	30,430	37,069
EV (INR mn)	1,796,923	1,789,644	1,782,292	1,765,694
Total Debt (INR mn)	14,678	15,678	16,678	17,678
C&C Eq. (INR mn)	5,841	6,482	13,029	28,874
EPS (INR)	185.7	263.5	336.3	409.6
Gr. (%)	*38.9*	*41.9*	*27.6*	*21.8*
DPS (INR)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	*31.5*	*31.8*	*29.5*	*26.9*
RoCE (%)	*32.5*	*33.5*	*32.6*	*31.1*
EV/Sales (x)	18.3	13.1	10.4	8.5
EV/EBITDA (x)	68.4	48.5	37.8	30.9
PE (x)	106.3	74.9	58.7	48.2
P/BV (x)	28.4	20.4	15.0	11.4

Scaling Global Explosives, Building Defense Powerhouse

Quick Pointers

- Rising share in international explosives, expansion into higher value defense products, and growing manufacturing scale should support ~28% revenue CAGR and sustain healthy 27-28% EBITDA margin over FY26-29E
- Nagastra, MALE UAV, Rudrastra, Bhargavastra and Project Kusha broaden SOIL's addressable defense market

We initiate coverage on Solar Industries India Ltd (SOIL) with 'BUY' rating at TP of INR23,124, valuing the stock at PE of 62x Sep'28E (implied EV/EBITDA of 34x Sep'28E). We believe SOIL is well placed to deliver multi-year growth, supported by 1) its ~26% market share in domestic industrial explosives, underpinned by an integrated manufacturing footprint and long-standing customer relationships; 2) strong growth in Defence revenue driven by increasing traction across ammunition, loitering munitions and missile systems; 3) expansion into overseas markets (across 10 countries), providing a meaningful avenue for diversification and scale; 4) leap in its technological capabilities with the development of full spectrum of drone systems (Nagastra, HALE/MALE UAVs, Rudrastra, Bhargavastra); and 5) improvement in profitability through scale and operating leverage. We estimate revenue/adj PAT CAGR of ~28%/~30% over FY26–29E, driven by fastest-growing Defence business, scale-up in international explosives, and favorable revenue mix. The stock is currently trading at 58.7x/48.2x P/E on FY28/FY29E. Initiate with 'BUY'.

Explosives: Building a global explosive franchise: SOIL has built a strong position in the industrial explosives market, with an established domestic franchise across bulk explosives, packaged explosives and initiating systems. Its domestic business is well placed to benefit from sustained mining activity, particularly in coal and iron ore, with SOIL commanding ~23% wallet share of Coal India's (COAL) explosives consumption. Internationally, the company has established a growing presence across Africa, Australia and other mining markets, providing scope to scale its explosives business alongside global mining activity.

Defence: Evolving into an integrated defense player: SOIL has rapidly expanded its Defence portfolio, moving beyond energetic materials into an integrated offering spanning warheads, ammunition, propellants, missiles and loitering munitions. Defence revenue has scaled sharply over the past few years, supported by a strong order pipeline and increasing localization of defense procurement. With capabilities across the defense value chain and a growing export opportunity, the segment is emerging as a key structural growth driver for SOIL.

Omnia: Transforming SOIL into a global blasting solutions player: The proposed US$1.355bn acquisition of Omnia Holdings represents a transformational step in SOIL's global expansion strategy. Omnia provides a diversified platform across commercial explosives, initiating systems and mining chemicals, with operations spanning 23 countries and customers across 40+ countries. The acquisition is expected to significantly expand SOIL's geographic footprint, strengthen its position across the mining value chain, and create a global integrated blasting solutions platform.

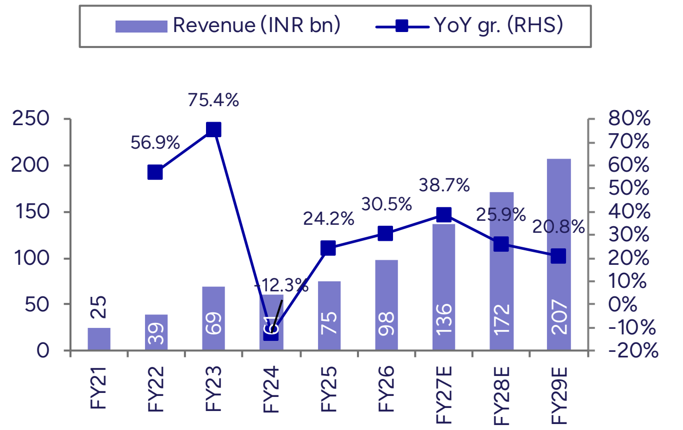
Amit Anwani
amitanwani@plindia.com | +91-22-66322250

Hitesh Agarwal
hiteshagarwal@plindia.com | +91-22-66322535

Devansh Dedhia
devanshdedhia@plindia.com | +91-22-66322324

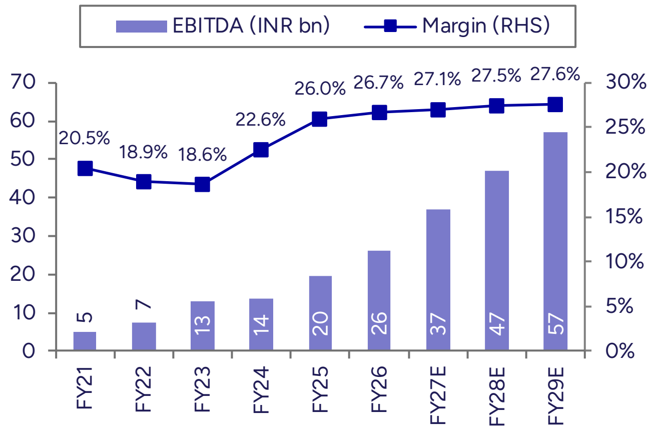
Story in Charts

Exhibit 1: Revenue to grow at 28% CAGR over FY26-29E



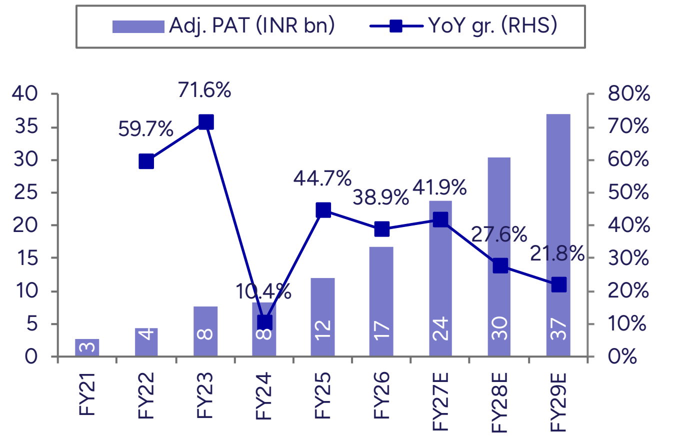
Source: Company, PL

Exhibit 2: EBITDA margin to improve ~90bps over FY26-29E



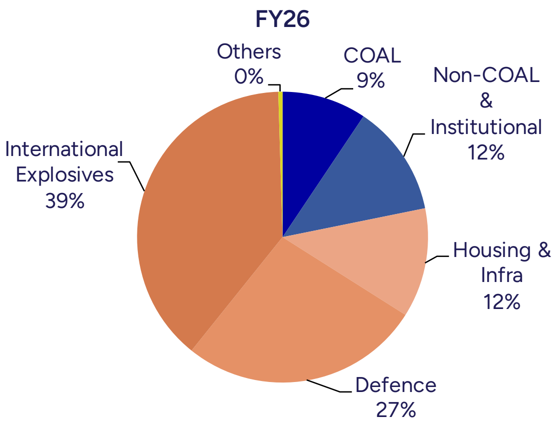
Source: Company, PL

Exhibit 3: Adj. PAT to grow at ~30% CAGR over FY26-29E



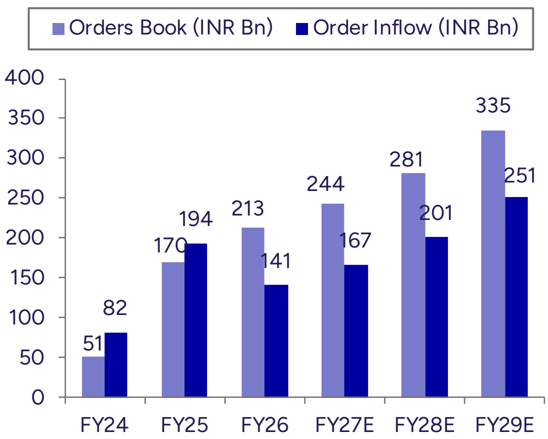
Source: Company, PL

Exhibit 4: Defence revenue mix continues to improve



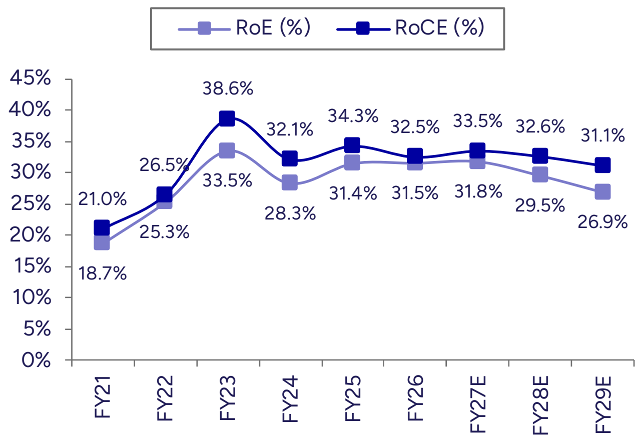
Source: Company, PL

Exhibit 5: Order book remains healthy with robust inflow



Source: Company, PL

Exhibit 6: Return ratios to remain stable over FY26-29E



Source: Company, PL

Company Overview

SOIL: Explosives leader in India

Founded in 1983, SOIL began as an explosive trading business before expanding into manufacturing with the establishment of its subsidiary, Economic Explosives (EEL). Originally incorporated as Solar Explosives Ltd, the company was rebranded to Solar Industries India Ltd in Feb'09, reflecting its transition into a full-stack industrial and defense energetics provider.

Exhibit 7: SOIL's journey over the years

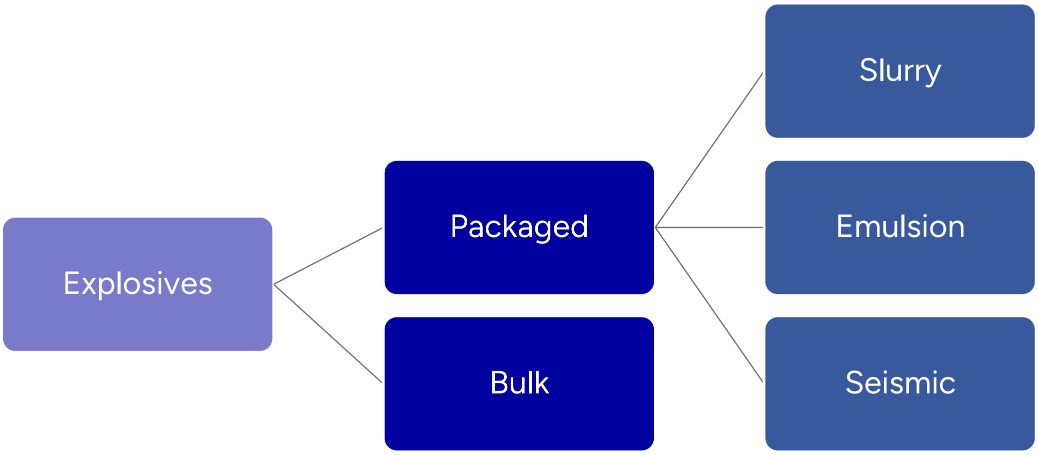
Source: Company, PL

SOIL is largely bifurcated into 2 segments: Industrial Explosives (incl initiating systems) and Defence.

Industrial Explosives: Market leadership and scale underpin sustained growth

SOIL manufactures and supplies a comprehensive range of packaged and bulk explosives designed to meet diverse blasting requirements across mining, infrastructure, construction, defense and space sectors. The company offers multiple variants tailored for specific applications, strata conditions, and regulatory standards. This diversified product mix enables SOIL to cater to both small-scale civil projects and large-scale mining operations, thereby ensuring consistent demand visibility across end-user industries.

Exhibit 8: SOIL manufactures wide range of packaged and bulk explosives



Source: Company, PL

Bulk explosives: These are non-cap-sensitive explosive systems (do not require a detonator to initiate) manufactured at site or delivered through bulk delivery trucks and pumped directly into boreholes as per strata requirements. Bulk explosives are primarily deployed in large-scale blasting operations across opencast coal, iron ore, limestone, and zinc mines, enabling higher operational efficiency and cost optimization for miners through on-site charging and reduced handling. Oxidizers (AN or technical-grade AN) and fuel oil are the core raw materials used.

Exhibit 9: Pump truck used to transport bulk explosives

Source: Company, PL

Packaged explosives: These are cartridges or sticks in slurry or emulsion form produced under controlled plant conditions and transported to mines and construction sites strictly complying with safety standards. These cartridges are available in varying diameters and lengths, selected to meet blast energy and hole specifications. They are widely used in civil and mining activities, notably road construction, quarrying, tunnelling, small-scale mining and seismic exploration.

Broad product portfolio enables SOIL to address diverse blasting requirements across end markets

The key difference between slurry and emulsion packaged products is the type of fuel (~6% of raw material composition) used. Slurry uses solid fuel, while emulsion uses liquid fuel. Slurry products are of large diameters, whereas emulsion products are of small diameters.

Packaged explosives are available in different diameters ranging from 25mm to 200mm and are sold under the brand names Solar Prime and Superpower90. Since these are sensitive products, the supply follows strict PESO (Petroleum and Explosives Safety Organisation) -regulated transport rules, using authorized vehicles and trained handlers. Each cartridge carries a unique QR code that allows traceability from the manufacturing plant to the end use mine site. Non permitted explosives that are not approved for use in underground coal mines where methane/dust explosion risk exists where as Permitted explosives that are approved for use in underground coal mines, where the formulation is designed to reduce the risk of igniting methane or coal dust. Seismic explosives used for seismic exploration, rather than conventional mining/blasting

Exhibit 10: Packaged explosives – Product snapshot

Source: Company, PL

Initiating systems are detonators and boosters required to initiate either cartridge or bulk explosives, and thus, their demand depends on the base demand of bulk and packaged explosives. SOIL manufactures full range of initiating systems, including electric detonators (banned by the government due to safety reasons), non-electronic shock tube detonators, electronic detonators, detonating fuse, boosters, Detonating explosive tube (DET) and cord relay.

HMX and PETN mixers are key molecules used in detonators and fuse and are also used in cast booster for non-cap sensitive products.

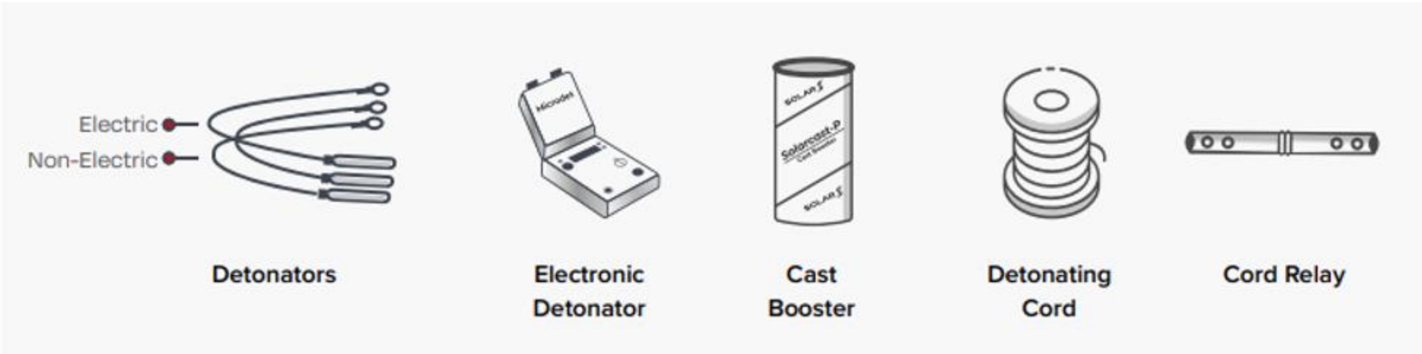
Initiating systems are majorly produced at Nagpur facility and exported from there. Manufacturing initiating systems in India is cost effective for SOIL as it is largely labor intensive it involves precision assembly, controlled handling of energetic components and extensive quality checks.

Exhibit 11: Types of initiating systems

- Electronic Detonator
- Non-Electronic Detonator
- Electric Detonator
- Plain Detonator
- Cord Relay
- Cast Boosters
- Detonating Cords
- Aluminum Elemented Det

Source: Company, PL

Exhibit 12: Initiating systems – Product snapshot



Source: Company, PL

Leading domestic market position in domestic industrial explosive

SOIL is India's largest manufacturer of industrial explosives with ~27% market share of the Indian domestic explosive

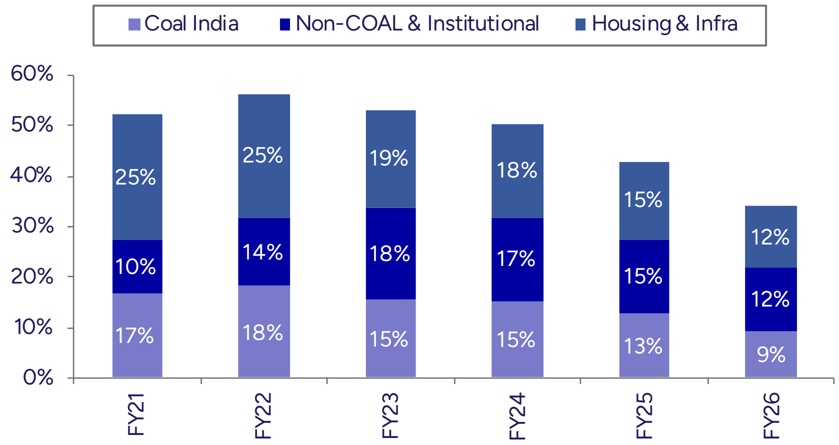
SOIL has maintained a leading position in India's explosives market, with its market share increasing from 23.3% in FY15 to 26.7% in FY25, supported by strong positioning across the key domestic demand channels. The market is broadly segmented into 3 sub-channels: Coal India (COAL) and Singareni Collieries Company (SCCL), which remain the largest customer cluster; non-COAL institutional mining, comprising private coal mines, iron ore and manganese producers, captive limestone mines and industrial users; and housing & infrastructure, served through SOIL's pan-India dealer network and comprising tunnelling, road, dam and real-estate applications. India's explosives market has expanded at ~8% CAGR over FY16-25 to ~2.2mn mt, driven by sustained mining activity across coal, iron ore and limestone, higher stripping ratios and rapid infrastructure development. SOIL has outpaced industry, with domestic production growing at ~10% CAGR from ~0.2mn mt in FY15 to ~0.6 mt in FY25. The industry has also witnessed increasing consolidation, with the combined share of the top 2 players, SOIL and Indian Oil (IOC), rising from ~34% in FY15 to ~41% in FY25, further strengthening the competitive position of established players.

Exhibit 13: ~27% market share held by SOIL in industrial explosives

Particulars	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total Industry Volume (mt)	**9,48,916**	**11,42,393**	**12,12,389**	**13,20,836**	**14,07,902**	**14,16,002**	**14,69,662**	**16,35,383**	**18,90,876**	**20,87,689**	**22,02,102**
SOIL Volume (mt)	2,21,422	2,71,171	3,05,256	3,29,953	3,59,116	3,37,456	3,33,082	4,06,372	4,59,549	5,50,092	5,88,834
SOIL Market Share	23%	24%	25%	25%	26%	24%	23%	25%	24%	26%	27%

Source: PESO, Company, PL

Exhibit 14: Domestic Industrial explosives revenue mix (% of total revenue)



Source: Company, PL

Expanding scale to become global leader

SOIL currently have manufacturing facilities across 10 countries with customers across 90+ countries

SOIL has transformed its international operations from an export-led model into a global manufacturing platform, with presences across 10 countries and 3 continents. The business comprises 2 complementary revenue streams: direct exports from Indian manufacturing facilities to customers across 90+ countries and revenue generated by overseas subsidiaries with local manufacturing capabilities. As of FY26, SOIL operates plants across Nigeria, Zambia, South Africa, Türkiye, Tanzania, Indonesia, Thailand, Australia, Ghana and Kazakhstan, with facilities in Saudi Arabia and Australia at various stages of commissioning. International business offers attractive economics relative to the domestic market, supported by diversified AN sourcing across regions and increasing localization of production.

Exhibit 15: Key target market where SOIL has its presence

End market	Key applications
Coal mining	Overburden removal, coal extraction, mine development
Metal & mineral mining	Iron ore, copper, zinc, gold, other mineral extraction
Quarrying	Limestone, aggregates, stone quarrying
Infrastructure & construction	Roads, tunnels, railways, dams, metros, excavation
Oil & gas / seismic	Seismic exploration and specialized blasting
International mining	Open-pit & underground mining across coal, metals and minerals
International infrastructure & quarrying	Construction, quarrying, tunnelling and excavation

Source: Company, PL

Defence: Building a strong integrated defense portfolio

SOIL has progressively expanded from critical energy materials to integrated defense manufacturer

SOIL has evolved from a niche energetic materials supplier into one of India's most integrated private-sector defense manufacturers. It entered the defense segment in 2010 after securing licenses to produce high-energy materials, including HMX, RDX, TNT, HNS, propellants, pyrotechnics, igniters, and warheads, catering to strategic missile programs such as BrahMos and Akash. The first phase focused on establishing manufacturing capabilities and supplying critical energetic materials. During FY16-18, the company entered its second growth phase by expanding downstream into value-added defense products such as multi-mode hand grenades, pyrotechnics, igniters, warheads, fuzes, and missile assembly. This phase was further strengthened through technology transfers for multi-mode hand grenades and BrahMos solid propellant boosters, enabling SOIL to participate in higher value segments of the defense value chain. In recent years, the company has significantly accelerated its defense ambitions, becoming the first private player to supply fully indigenous 30mm ammunition to the Indian Navy and successfully executing the Nagastra-1 loitering munition program. The business entered its third phase of growth in FY24 with the award of its largest-ever defense contract for Pinaka rockets worth INR60.8bn, alongside growing export opportunities in energetic materials and a robust pipeline across loitering munitions, counter-drone systems, medium-caliber ammunition, and guided weapon.

Exhibit 16: Defence journey

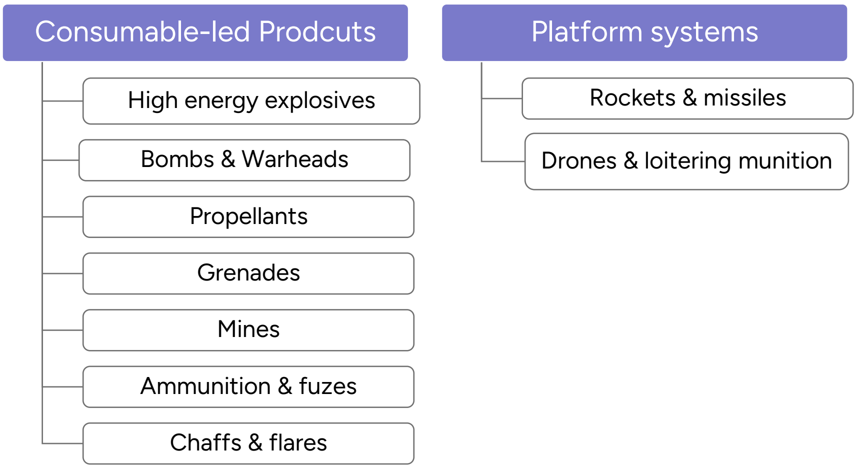
2010-2011	• Ventured into defense segment
2013-2014	• Set up HMX and propellant manufacturing facility • First private company in India to manufacture HMX • Received license for manufacturing composite propellants
2014-2015	• Received license for manufacturing RDX & RDX compounded produts - Dentex, Hexolite, Torpex, PBX • Received license for manufacturing TNT, HNS, propellant (non-NG), pyros, fuzes
2015-16	• Received ToT from DRDO for multi-mode hand grenade • Set up facilities to maufacture warhead filing, propellant, pyros, igniters for Pinaka
2017-2018	• Received ToT for mass prodcution of crucial solid propellant boosters of BrahMos missiles • Received ToT from DRDO for BrahMos propellant • Started exports of defense products
2023-2024	• Fully indigenous 30mm ammunition supplied to the Indian Navy • Received order for loitering muniton - Nagastra-1 - the first ever for a private company
2024-2025	• Bagged its highest-ever order for Pinaka rockets valued at INR60.8bn • Counter-drone system (Bhargavastra) micro missile initial trials successful • Loitering munition Nagastra-1 successfully delivered to the Indian Army

Source: Company, PL

SOIL to invest ~INR127bn in defense over next 10 years to build capabilities across UAVs, Counter drone systems, energetic materials

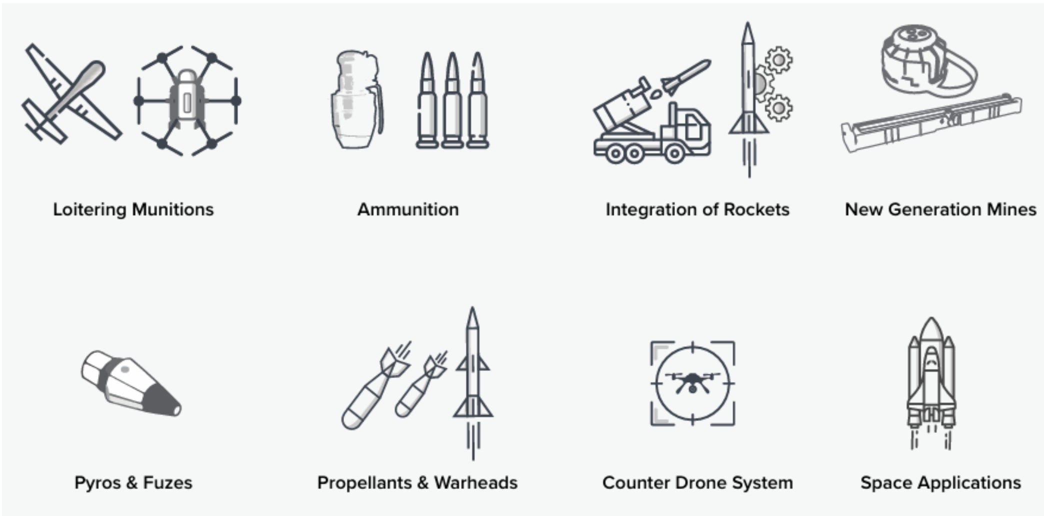
The company is ramping up capex in the Defence segment and has recently executed an MoU with the Government of Maharashtra for an Anchor Mega Defense and Aerospace project at an investment of ~INR127bn over the next 10 years. The project envisages expansion of products such as drones and UAVs, counter-drone systems, energetic materials, new generation explosives and new products such as military transport aircraft.

Exhibit 17: Defence – Product portfolio



Source: Company, PL

Exhibit 18: Defence products – Snapshot



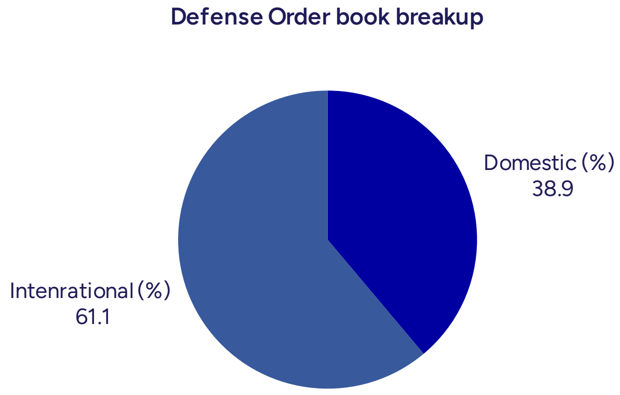
Source: Company, PL

In FY26, the Defence segment saw a sharp inflection in scale, with revenue reaching INR26.3bn (~27% of total sales) vs. INR1.2bn in FY21, reflecting ~21x expansion, at ~85% CAGR. The initial moderation in defense uptake was largely driven by extended vendor qualification and MoD product validation timelines, alongside intermittent tendering and order-placement delays across government and defense PSU channels. More recently, geopolitical-led supply tightness in global energetics and ammunition markets has created a meaningful opening for SOIL's defense exports, driving healthy order inflows. This operating scale-up has been supported by SOIL's manufacturing and fulfilment capability built through sustained capex investment of INR15-20bn over a period, enabling stronger execution and improved conversion of large, multi-year contracts.

Defence revenue scaled ~21x since FY21, at ~85% CAGR

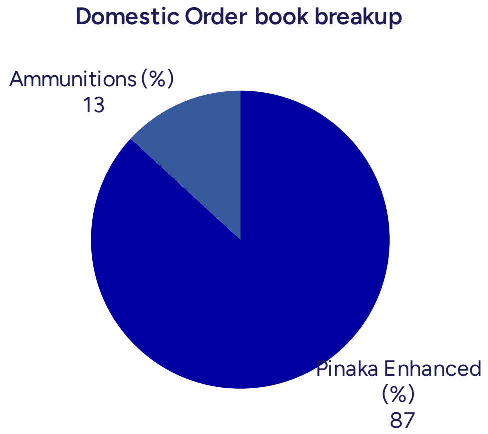
SOIL's total order book has correspondingly surged from ~INR7bn in FY21 to INR180bn in FY26, almost 26x higher, offering clear multi-year visibility. The domestic Defence backlog stands at ~INR70bn, including the INR60.8bn Pinaka contract, which provides an annualized revenue potential of ~INR6bn over 10–12 years. The company also successfully executed an order worth INR2bn for Nagastra-1R in FY25, marking key delivery credibility. The international order book of INR110bn provides additional multi-year coverage and is expected to be executed within the next 4–5 years, further underscoring SOIL's structurally improving earnings visibility anchored by defense and export markets.

Exhibit 19: **Defence order book at INR180bn in FY26**



Source: Company, PL

Exhibit 20: **Domestic Defence order book at INR70bn in FY26**



Source: Company, PL

Nagastra, Rudrastra and Bhargavastra strengthen SOIL's position in next-generation defense systems

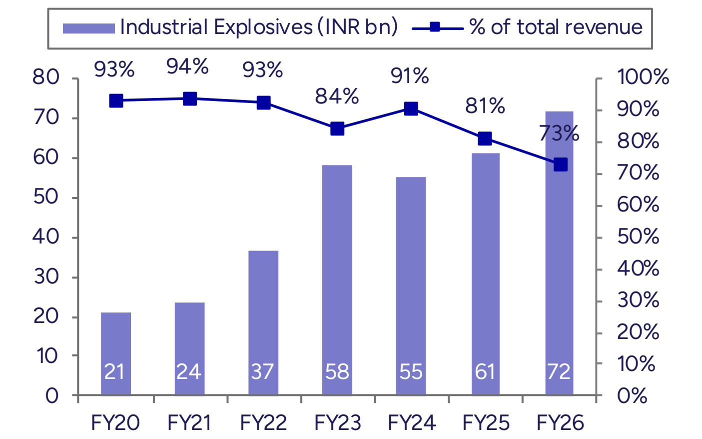
Defence revenue is transitioning from a consumables-led model toward a broader, integrated portfolio. While high-energy materials, propellants and ammunition provide a stable base supported by recurring demand and a strong order pipeline, the company is increasingly moving up the value chain through loitering munitions, ammunition systems, rockets & missiles and anti-drone solutions. In loitering munitions, Nagastra-1 has been successfully developed and delivered, with repeat orders validating execution capability; Nagastra-2 and Rudrastra are undergoing trials. Bhargavastra, an indigenous anti-drone system, has completed trials and is expected to be ready for induction by CY26. In rockets and missiles, the company has secured a Pinaka order INR60.8bn from the IAF, with ~10-year execution cycle and commercial supplies already started from Q4FY26, providing strong long-term revenue visibility. Besides Pinaka, SOIL is also working on Project Kusha, Brahmos Missile and MPATGM(Man Portable Anti-Tank Guided Missile)

Exhibit 21: Defence orders received in last 3 years

Date	Description	Region	Amount (INR mn)	Period (months)
29-05-2026	Supply of defense products	International	10,760	36
30-01-2026	Supply of defense products	International	8,300	48
30-01-2026	Supply of defense products	International	5,890	48
18-11-2025	Supply of defense products	International	14,000	48
22-06-2025	Supply of defense products	Domestic	1,580	12
04-03-2025	Supply of multi-mode hand grenade	Domestic	2,390	12
28-02-2025	Supply of defense products	International	21,500	72
06-02-2025	Supply of ADM Type 1 and HEPF for Pinaka MLRS	Domestic	60,840	180
02-12-2024	Supply of defense products	International	20,390	48
09-11-2024	Supply of defense products	International	5,800	60
04-11-2024	Supply of defense products	International	3,994	36
11-03-2024	Supply of defense products	International	4,550	24
08-01-2024	Supply of defense products	International	9,940	36
24-04-2023	Supply of loitering munition to MoD	Domestic	2,120	12

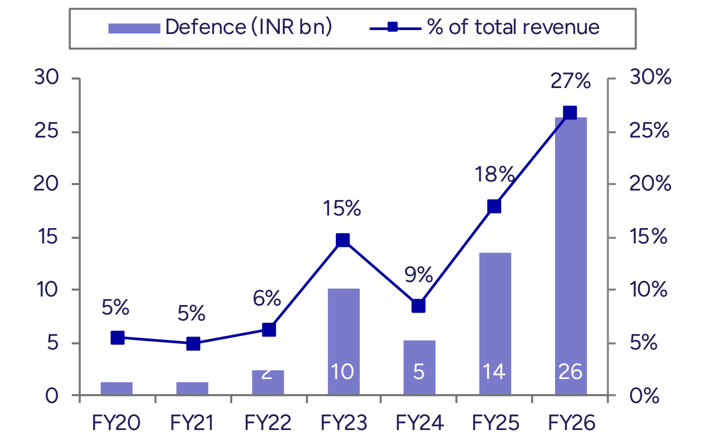
Source: Company, PL

Exhibit 22: Industrial explosives grew by ~18% CAGR over FY22-26



Source: Company, PL

Exhibit 23: Defence revenue grew ~80% CAGR over FY22-26



Source: Company, PL

Largest consumer of ammonium nitrate in India

SOIL's raw-material requirement ranges from oxidizers (ammonium nitrate or AN, sodium and calcium nitrate), fuels (such as fuel oil), emulsifiers, and detonator components (caps, shells, delay elements) to critical high-energy materials such as PETN (pentaerythritol tetranitrate), HMX (high melting explosives), RDX (research department explosives) and TNT (trinitrotoluene), which form the backbone of its defense-grade explosive systems.

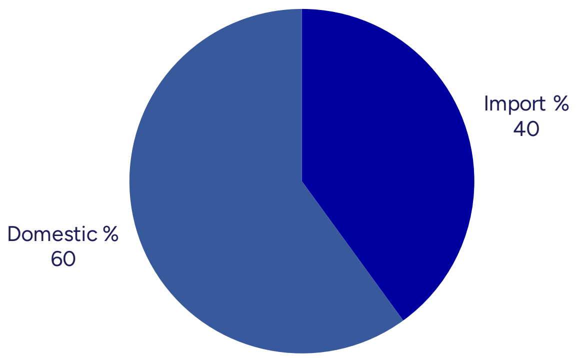
SOIL has completed backward integration for emulsions, detonators, PETN, TNT, and RDX

To ensure security of supply and tighter control over quality, SOIL has completed backward integration across its value chain. SOIL procures the basic raw materials (sodium, calcium, potassium, sodium monoxide, waxes, guar gum, aluminum powder) and manufactures emulsions, detonators, PETN, and high-energy materials (HMX, RDX, TNT) in-house and has established an integrated defense complex for producing propellants, warheads, and rockets. Notably, SOIL is the first private-sector company in India to set up manufacturing facilities for HMX, RDX, and TNT, which provides a strategic advantage in defense where assured supply and material traceability are essential.

Ammonium nitrate accounts for 65-70% of total raw material consumption

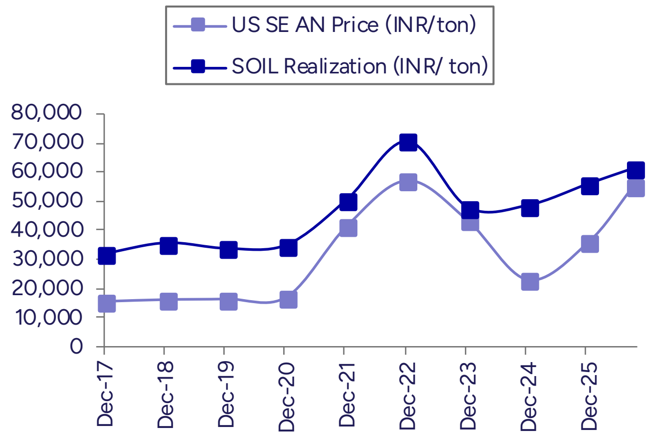
Despite extensive integration, AN remains the most critical externally sourced raw material, accounting for 65–70% of total raw material consumption. About 40% of SOIL's AN requirement is imported, with the remainder supplied domestically by RCF, GNFC, and Deepak Fertilizers. Following GoI's 2012 decision to classify AN as an explosive, bulk imports have become more controlled, lifting the landed cost of imported AN but improving domestic availability. AN-linked price-variation clauses in contracts shield manufacturers from raw-material volatility. This regulatory environment has helped SOIL reduce import dependence, manage inventories better, and secure a more stable supply base.

Exhibit 24: SOIL procures ~60% of AN from domestic players



Source: Company, PL

Exhibit 25: Ammonium nitrate (AN) price & SOIL realization trends



Source: Company, PL

Manufacturing plants across the globe

SOIL operates 32 manufacturing units in India. Majority plants are located within 50-60km of COAL and SCCL, which enables smoother supply of explosives.

SOIL is also present across 90+ countries, with plants located in Nigeria, Zambia, South Africa, Türkiye, Tanzania, Indonesia, Thailand, Australia, Ghana and Kazakhstan. New facilities in Kazakhstan and Zimbabwe have commenced operations further strengthening its Central Asian footprint. SOIL is also exploring expansion opportunities in Saudi Arabia to tap into the region's growing mining and defense demand.

Exhibit 26: Domestic manufacturing footprint (FY26)

State	No. of plants	Key locations	Status
Maharashtra	8	Chakdoh, Warur, Tadali, Sawanga, Nimjee	Active
Madhya Pradesh	5	Waidhan	Active
Chhattisgarh	5	Korba, Manendragarh, Bailadila, Darramuda, Ratija	Active
Jharkhand	2	Ramgarh, Dhanbad	Active
West Bengal	3	Asansol	Active
Telangana	1	Karimnagar, Pallewada	Active
Odisha	3	Talcher, Jharsuguda, Barbil	Active
Tamil Nadu	3	Seppakkam	Active
Maharashtra	1	Surjagarh	Under development
Madhya Pradesh	1	Satna	Under development
Odisha	2	Rayagada	Under development
Telangana	1	Indaram	Under development
Rajasthan	2	Kotputli, Bhadesar	Under development

Source: Company, PL

Investment Rationale

Sustained domestic leadership in explosives business

Despite operating in a highly regulated and capacity-intensive industry, SOIL has carved out a dominant position in India's explosives landscape. The journey has been shaped less by the early mover advantage and more by deliberate capability building over time. SOIL has maintained a dominant ~26% share (vs. ~23% in FY15) in Indian explosives market for the past few years driven by the 1) integrated manufacturing capabilities, 2) strong backward integration in key raw materials, 3) extensive distribution network with proximity to mines, and 4) diversified product portfolio.

Strong volume growth

India's explosives industry has witnessed a sustained volume upcycle, with total industry volume increasing from ~1mn mt in FY15 to ~2.2mn mt in FY25, implying ~9% CAGR. Growth has been led by the SME/bulk explosives segment, which expanded from ~0.6mn mt to ~1.5mn mt (~9.4% CAGR), while packaged explosives grew at ~7.6% CAGR. The sharp increase in bulk explosives consumption reflects the rising scale of mining activity and increasing adoption of bulk products in large open-cast mining operations.

Exhibit 27: Indian explosives market has more than doubled over FY15-25

Production (mt)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Gun Powder	535	552	662	685	528	606	462	473	695	639	624
Cartridges- Packaged Explosives	3,44,146	3,78,990	4,09,489	4,75,957	5,54,594	5,19,111	5,38,557	6,01,384	6,37,725	7,04,191	7,13,445
SME - Bulk Explosives	6,04,235	7,62,850	8,02,238	8,44,194	8,52,780	8,96,285	9,30,643	10,33,526	12,52,456	13,82,859	14,88,033
Total	**9,48,916**	**11,42,393**	**12,12,389**	**13,20,836**	**14,07,902**	**14,16,002**	**14,69,662**	**16,35,383**	**18,90,876**	**20,87,689**	**22,02,102**

Source: PESO, Company, PL

Bulk explosives driving structural growth

The domestic explosives industry's growth has increasingly been skewed toward bulk explosives, with its share increasing from ~64% of total volume in FY15 to ~68% in FY25. Bulk explosives volume grew from ~0.6mn mt to ~1.5mn mt, significantly outpacing the growth in packaged explosives. This shift is structurally favorable for established players such as SOIL given the importance of manufacturing footprint, proximity to mining locations, logistics capabilities and customer relationships in bulk explosives.

Key licenses and approvals required for industrial explosives:

- Industrial license from the Ministry of Commerce and Industry
- Approval from the Chief Controller of Explosives to start construction of the explosives manufacturing unit and for inspection upon completion
- Clearance from the Ministry of Home Affairs
- Clearance from the Intelligence Bureau regarding safety of the proposed location for setting up the manufacturing plant
- NoC from the district magistrate after clearance by the police, public works department, and gram panchayat
- Permission from the Directorate General of Mines Safety for underground use of explosives

SOIL consistently maintains market leadership

Despite increasing industry capacity and competition, SOIL has retained its position as the largest player in India's explosives market, with market share remaining broadly in the 23-27% range over the past decade. SOIL's share increased from 23.3% in FY15 to 26.7% in FY25, while its production volume expanded from ~0.2mn mt in FY15 to ~0.6mn mt in FY25, translating into ~10.3% CAGR, ahead of the overall industry growth of ~8.8%.

Exhibit 28: SOIL has consistently outgrown the explosives industry and strengthened its market position

Particulars	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Total Industry Volume (mt)	**9,48,916**	**11,42,393**	**12,12,389**	**13,20,836**	**14,07,902**	**14,16,002**	**14,69,662**	**16,35,383**	**18,90,876**	**20,87,689**	**22,02,102**	-
SOIL volume (mt)	2,21,422	2,71,171	3,05,256	3,29,953	3,59,116	3,37,456	3,33,082	4,06,372	4,59,549	5,50,092	5,88,834	6,00,000
SOIL Market Share	23%	24%	25%	25%	26%	24%	23%	25%	24%	26%	27%	-

Source: PESO, Company, PL

Competitive intensity remains concentrated

SOIL has strengthened its market leadership, with explosives market share rising to ~27% in FY25

The competitive landscape remains relatively concentrated, with SOIL and IOC accounting for ~41% of industry volume in FY25. SOIL has expanded its share from 23.3% to 26.7%, while IOC's share increased meaningfully through FY21 but moderated to 14.5% in FY25. In contrast, Keltech's share declined from 4.6% to 2.6%, while Premier Explosives' share fell from 2.5% to 0.4%. This suggests that scale, manufacturing footprint and proximity to mining customers are increasingly important competitive differentiators.

Exhibit 29: SOIL has steadily strengthened its leadership in India's explosives market, with market share rising to ~27% in FY25

Company explosives Production Volume (mt)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Solar Industries India	2,21,422	2,71,171	3,05,256	3,29,953	3,59,116	3,37,456	3,33,082	4,06,372	4,59,549	5,50,092	5,88,834
Indian Oil Corporation	1,00,000	1,44,000	1,58,000	1,77,000	1,83,000	2,05,000	2,66,000	2,87,000	3,42,000	3,20,000	3,19,000
GOCL Corporation	77,150	1,20,599	1,32,686	9,90,000	1,01,819	1,00,095	91,116	76,393	-	-	-
Keltech Energies	43,484	38,770	40,825	39,854	41,261	39,846	39,968	52,160	61,603	59,736	58,280
Premier Explosives	24,066	32,014	39,957	43,397	41,612	23,989	10,047	6,221	7,886	8,522	8,557
Industry-wise explosives market size (mt)											
Gun Powder	535	552	662	685	528	606	462	473	695	639	624
Cartridges- Packaged Explosives	3,44,146	3,78,989	4,09,489	4,75,957	5,54,594	5,19,111	5,38,557	6,01,384	6,37,725	7,04,191	7,13,445
SME - Bulk Explosives	6,04,234	7,62,850	8,02,238	8,44,194	8,52,780	8,96,285	9,30,643	10,33,526	12,52,456	13,82,859	14,88,033
Total Industry Volume	**9,48,916**	**11,42,393**	**12,12,389**	**13,20,836**	**14,07,902**	**14,16,002**	**14,69,662**	**16,35,383**	**18,90,876**	**20,87,689**	**22,02,102**
Market Share (%)											
Solar Industries India	23.3%	23.7%	25.2%	25.0%	25.5%	23.8%	22.7%	24.8%	24.3%	26.3%	26.7%
Indian Oil Corporation	10.5%	12.6%	13.0%	13.4%	13.0%	14.5%	18.1%	17.5%	18.1%	15.3%	14.5%
GOCL Corporation	8.1%	10.6%	10.9%	75.0%	7.2%	7.1%	6.2%	4.7%	-	-	-
Keltech Energies	4.6%	3.4%	3.4%	3.0%	2.9%	2.8%	2.7%	3.2%	3.3%	2.9%	2.6%
Premier Explosives	2.5%	2.8%	3.3%	3.3%	3.0%	1.7%	0.7%	0.4%	0.4%	0.4%	0.4%

Source: PESO, Company, PL

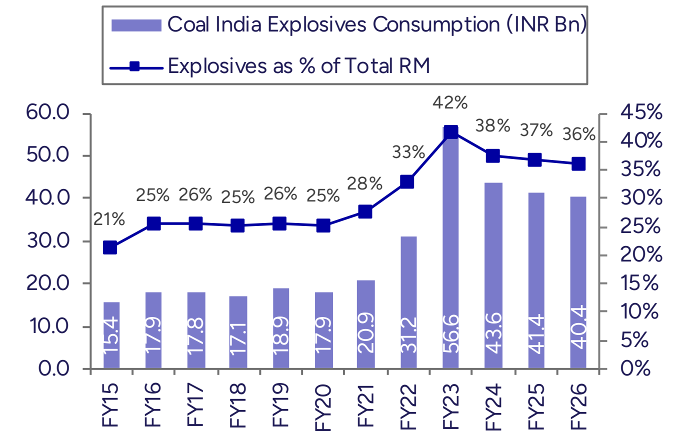
Enjoys wallet share of ~23% with COAL

In India, coal mining accounts for ~80% of bulk explosives demand, with Coal India (COAL) being the largest consumer, followed by SCCL and private miners. Blasting intensity remains structurally high at ~1.6kg of explosives per ton of coal, underscoring the non-discretionary nature of explosives in mining.

Strong foothold in coal mining with ~23% share of Coal India's explosives market

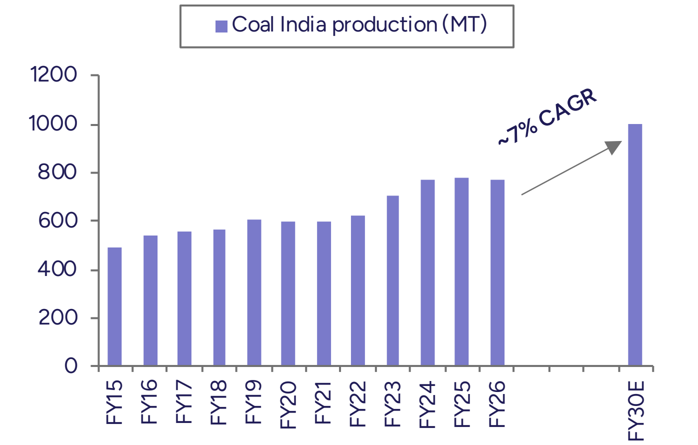
COAL's explosives consumption has grown sharply from ~INR15bn in FY15 to ~INR40bn in FY26 (peak of INR57bn in FY23). With Coal India targeting 1,000mt of coal production by FY30 (vs. 768mt in FY26), growing at ~7% CAGR, bulk explosive volume is set to see a multi-year tailwind, directly benefiting SOIL.

Exhibit 30: Explosives consumption of COAL over FY15-26



Source: Company, PL

Exhibit 31: COAL aims to reach 1,000mt of coal production by FY30

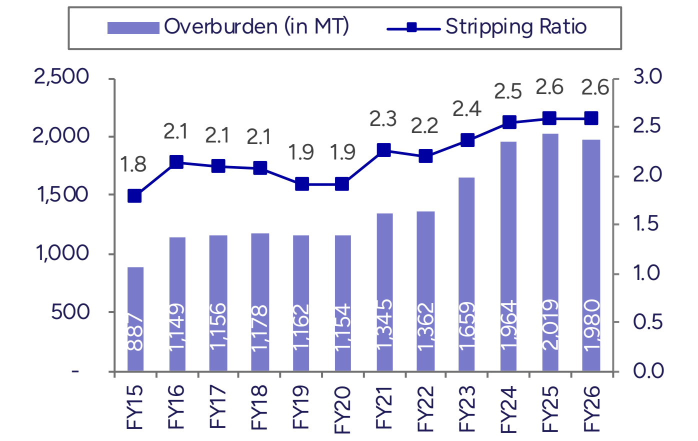


Source: Company, PL

Rising mining intensity to drive explosives consumption ahead of coal production growth

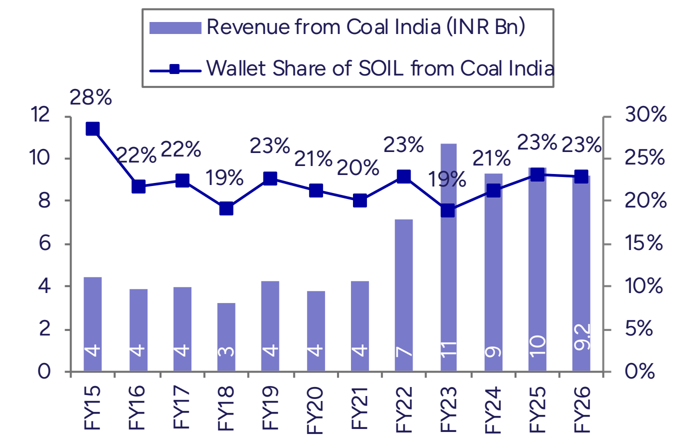
Explosives are required not only for production of coal but also for overburden removal, which is the first step in coal mining. As mines get deeper and harder, the explosives intensity per ton of coal also increases. Explosives consumption will grow faster because more blasting is required per unit of production as geological layers get tougher. Explosive-to-production ratio can often be 1.5x to 2x, and in some geological conditions, even 2.7x, meaning explosive usage grows significantly faster than coal output. As coal production grows slower than explosive intensity, SOIL benefits disproportionately because rising overburden removal and deeper mining directly translate into higher explosives consumption per ton, strengthening its domestic volumes and market share.

Exhibit 32: Stripping ratio jumps from 1.8x to 2.6x over FY15-26



Source: Company, PL

Exhibit 33: SOIL have ~23% wallet share with Coal India

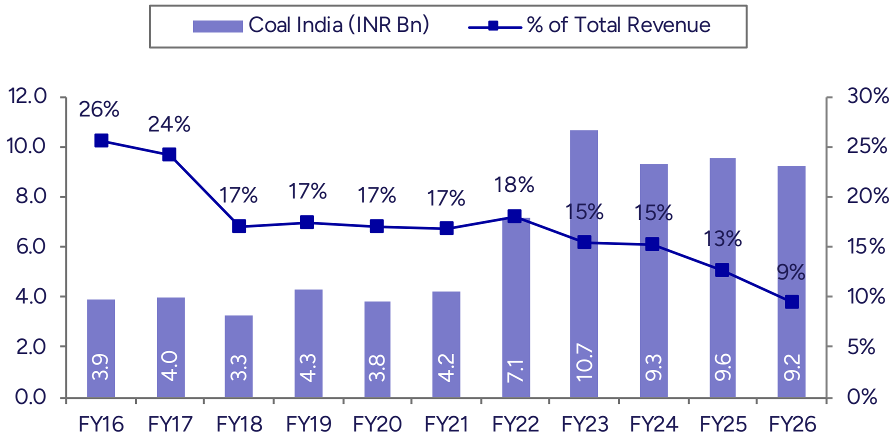


Source: Company, PL

SOIL has a contract with COAL under which the price of explosives is updated every month based on 1) the price of AN, 2) the inflation index (CPI), and 3) diesel price. These price updates are generally passed through to customers, thereby providing effective protection against raw-material price volatility and limiting the impact on margins.

In FY26, COAL's contribution was ~9% of SOIL's revenue, down from 26% in FY16, indicating diversification and derisking of customer concentration. Despite decreasing dependence on COAL, SOIL has consistently maintained ~23% market share.

Exhibit 34: SOIL reduces revenue concentration of COAL from 26% to 9% over FY16-26

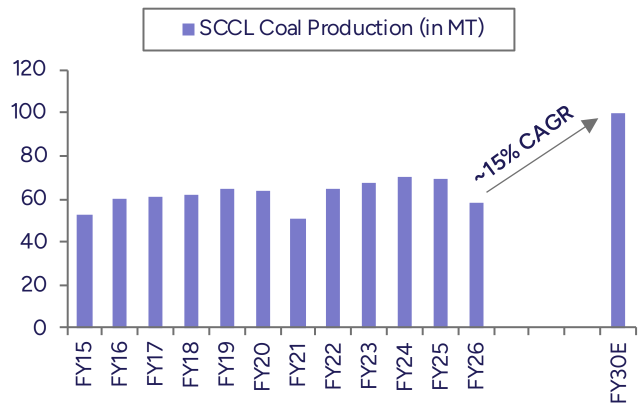


Source: Company, PL

SCCL's production ramp-up creates direct volume tailwind for SOIL

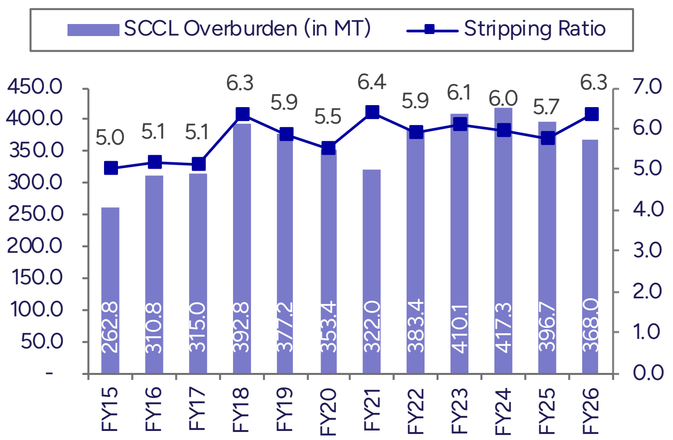
As the market leader in industrial explosives with entrenched relationships across India's major coal miners, SOIL is well positioned to benefit from the production trajectory of SCCL and other private players. SCCL produced 58mt of coal in FY26 and targets to reach 100mt by FY30, implying ~15% CAGR.

Exhibit 35: SCCL targets to reach 100mt coal production by FY30



Source: Company, PL

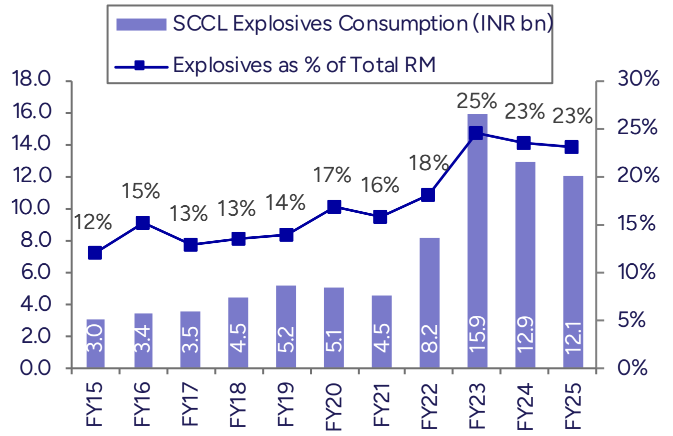
Exhibit 36: Stripping ratio remains >5x for SCCL



Source: Company, PL

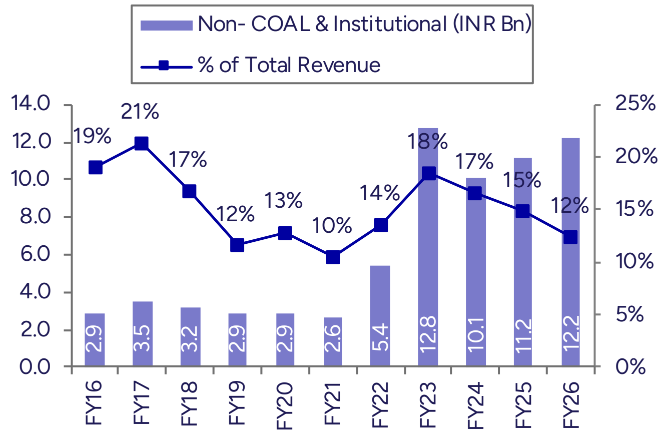
SCCL's stripping ratio has risen from 5.0x in FY15 to ~6.0x in FY26, indicating increasingly challenging mining conditions. Correspondingly, SCCL's explosives consumption has surged from INR3.5bn in FY17 to INR12.1bn in FY25, reflecting a strong ~17% CAGR, as tougher overburden removal drives higher explosives usage.

Exhibit 37: Explosives consumption doubles over FY20-25



Source: Company, PL

Exhibit 38: Non-COAL revenue grows by ~36% CAGR over FY21-26



Source: Company, PL

Continued traction for commercial explosives from rising capex in infra/housing

Industrial explosives remain non-discretionary enablers of infrastructure and real estate development, supporting faster excavation and material extraction for roads, railways, metros, ports, bridges and high-density housing. As India enters a multi-year capex upcycle, explosives usage is directly leveraged to the pace and scale of construction activity.

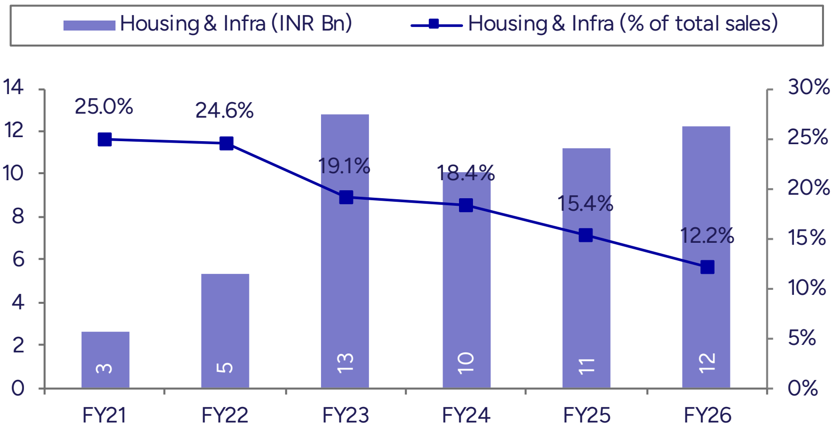
Key sectors driving demand for industrial explosives:

- **Real estate and construction:** Structural tailwinds from continued urbanization, population growth and robust demand for residential and commercial assets are sustaining activity levels. Liberalized FDI norms and adoption of advanced construction technologies are accelerating execution across metro and Tier 1/2 markets, driving up explosives intensity in foundation and tunnelling work.

- **Roads and infrastructure:** Ongoing central government capital outlay – across highways, metros, airports and logistics corridors – remains the most powerful catalyst for explosives demand. As the country targets accelerated connectivity under the *Viksit Bharat* vision, excavation and development timelines have compressed, favoring large-scale controlled blasting to minimize project delays and material bottlenecks.

- **Cement and limestone:** Cement demand – tightly correlated with housing and infrastructure – provides an indirect yet durable growth lever. The PMAY target of 30mn affordable homes over the next 5 years, coupled with industrial/commercial capacity expansion in Tier 2/3 cities, implies elevated limestone extraction and clinker capacity utilization, both of which support sustained explosives consumption.

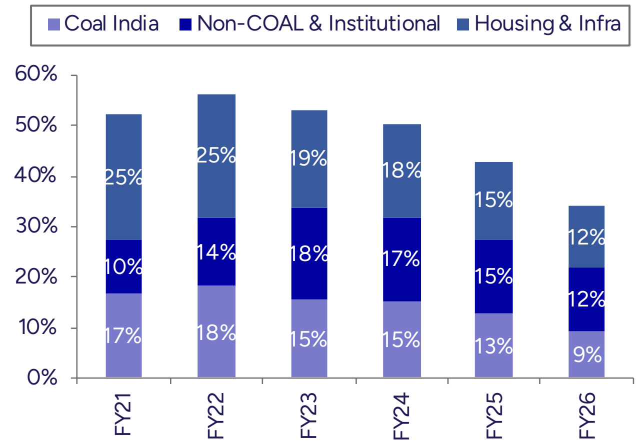
Exhibit 39: SOIL's Housing & infra revenue mix decline to 12% from 25% over FY16-26



Source: Company, PL

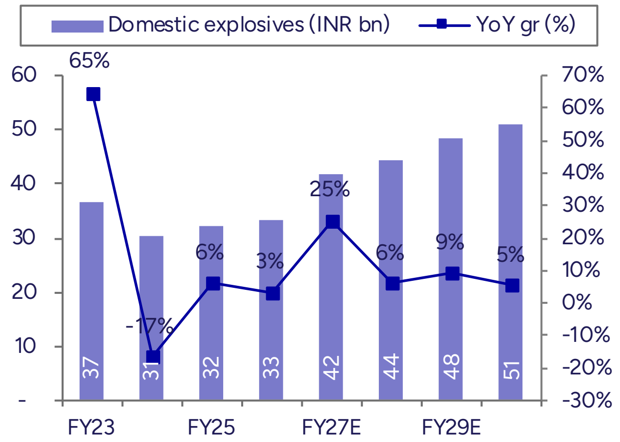
We believe domestic explosives to report revenue CAGR of 13% over FY26-29E driven by 1) integrated manufacturing capabilities, 2) strong backward integration in key raw materials (except for AN), 3) extensive distribution network with proximity to mines, and 4) its diversified product portfolio.

Exhibit 40: Domestic industrial explosive revenue mix



Source: Company, PL

Exhibit 41: Domestic explosives to frow ~13% CAGR over FY26-29E



Source: Company, PL

Accelerating international expansion to build a global energetics franchise

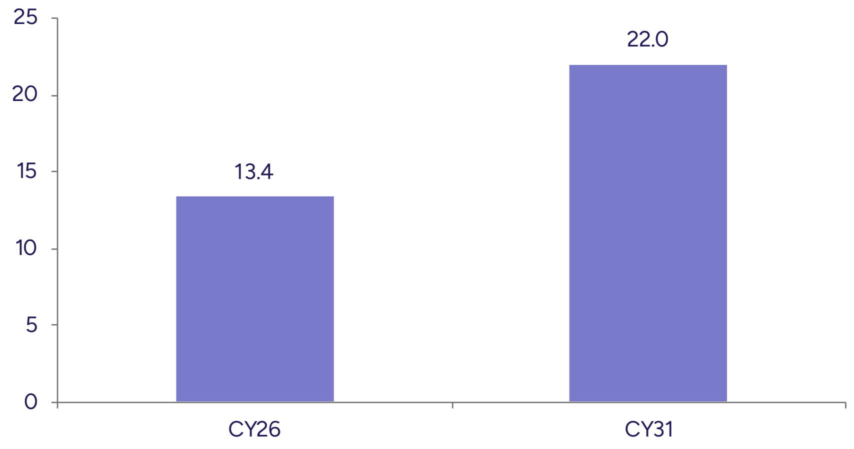
Beyond its dominant domestic position, SOIL has steadily built a differentiated presence in global explosives markets, with its overseas journey driven less by exports and more by a deliberate manufacturing-led expansion strategy. Over the past 15 years, SOIL has established a footprint across 10 countries spanning 3 continents, while overseas revenue has grown at a strong ~26% CAGR from INR3.6bn in FY16 to INR38.1bn in FY26. This international platform positions SOIL to capture the structural growth in global mining and explosives demand, driven by 1) localization strategy, 2) customer proximity and established customer relationship, 3) ongoing expansion across globe, 4) rising market share in existing countries and 5) synergies from the proposed acquisition of Omnia Holdings key to watch

Global industrial explosives to reach ~US$22bn by CY31

Global industrial explosives demand is poised for strong growth, with the market expected to reach ~US$22bn by CY31 from US$13.4bn in CY26, implying ~10% CAGR over CY26-31. The expansion will be underpinned by a broad-based increase in blasting requirements, led by (1) rising mineral and metal consumption driving higher mining activity, (2) increasing infrastructure and construction intensity across emerging markets, particularly Asia-Pacific, (3) greater use of bulk explosives and precision blasting solutions to improve excavation productivity and (4) continued product innovation, including advanced formulations and electronic detonators, enabling wider adoption across end-use applications.

Asia-Pacific is likely to remain the key growth engine, supported by its large mining base, rapid urbanization and ongoing investment in transportation and infrastructure. The outlook, however, is not without challenges, with tighter environmental and safety norms, volatile input costs and the gradual adoption of alternative excavation methods in certain developed markets creating potential constraints. Nevertheless, sustained mining capex, infrastructure spending and the industry's shift toward safer, more efficient and environmentally compatible blasting solutions should keep the long-term growth trajectory favorable.

Exhibit 42: Global industrial explosives market to grow by ~10% CAGR over CY26-31E (US$ bn)



Source: Industry, PL

Overseas business: Building a diversified global explosives platform

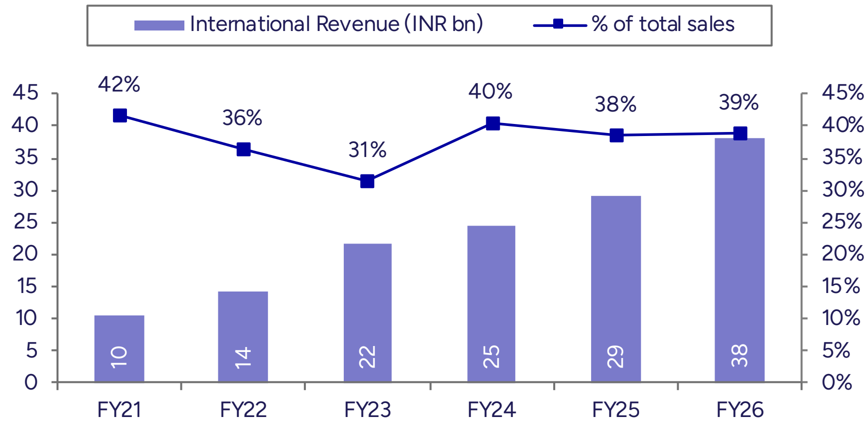
Initially, SOIL catered to international markets via exports from India. However, regulatory constraints, logistical challenges in transporting hazardous materials, and high shipping costs prompted the company to establish overseas manufacturing facilities.

International business scaled to ~39% of revenue, supported by manufacturing-led global footprint

SOIL majorly focuses on packaged explosives in the international market. SOIL set up its first overseas manufacturing plant in Zambia (started with bulk explosives) in Jun'10, followed by its second plant at Nigeria (cartridge explosives) in Dec'10. Over the span of 25 years, it has set up 10 manufacturing plant overseas: Nigeria, Zambia, South Africa, Turkiye, Tanzania, Indonesia, Thailand, Australia, Ghana and Kazakhstan. SOIL is also exploring expansion opportunities in Saudi Arabia to tap into the region's growing mining demand.

The international business has been meaningfully scaled from 3 locations contributing to ~29% of revenue in FY16 to ~39% in FY26 across 10 countries. SOIL aims to deepen its presence in existing markets while expanding into high-potential regions such as Central Asia and the Middle East.

Exhibit 43: International mix remain steady at ~40% of total revenue



Source: Company, PL

Overseas profitability is turning around, led by scale-up in Africa. Contribution from Africa ~32% of total revenue in FY26

Africa remains SOIL's most mature international market and largest overseas revenue contributor, supported by sustained mining activity and ongoing infrastructure investments across the continent. The company has established a strong manufacturing footprint with operational facilities in Ghana, Nigeria, South Africa, Tanzania, Zimbabwe and Zambia. The region contributes to ~32% of the company's consolidated revenue, underscoring its strategic importance.

Asia contributes to ~11% of SOIL's consolidated revenue, with operations primarily concentrated in Turkey, Indonesia and Kazakhstan. The company is further expanding its international footprint with new facilities planned in Saudi Arabia, and Thailand. Turkey, one of SOIL's earliest overseas markets, has emerged as a top 3 explosives player through its subsidiary, Solar Patlayici Maddeler San, while also serving as a strategic export hub for neighboring European markets. Although reported performance has been impacted by the depreciation of the Turkish Lira amid a hyperinflationary environment, underlying business growth remains healthy in local currency terms.

Exhibit 44: Contribution from South Africa in FY26 remains highest across international market

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	CAGR (FY22-26)
South Africa									
Revenue (INR mn)	867	786	1,181	1,867	3,334	3,035	7,092	16,323	72%
YoY Growth %		*-9%*	*50%*	*58%*	*79%*	*-9%*	*134%*	*130%*	
PBT	-535.2	-895.6	356.3	-493.3	-504.6	-541.9	640.7	1914.3	-
PBT Margin (%)	*-62%*	*-114%*	*30%*	*-26%*	*-15%*	*-18%*	*9%*	*12%*	
PAT	(385)	(645)	244	(379)	(369)	(401)	484	1,373	-
PAT Margin (%)	*-44%*	*-82%*	*21%*	*-20%*	*-11%*	*-13%*	*7%*	*8%*	
Zambia									
Revenue (INR mn)	1,178	1,446	1,081	1,688	2,371	2,712	3,136	3,737	22%
YoY Growth %		*23%*	*-25%*	*56%*	*40%*	*14%*	*16%*	*19%*	
PBT	403.8	470.4	356.3	233.6	393.4	897	1379.4	181.3	-
PBT Margin (%)	*34%*	*33%*	*33%*	*14%*	*17%*	*33%*	*44%*	*5%*	
PAT	355	370	244	190	305	651	1,058	126	-
PAT Margin (%)	*30%*	*26%*	*23%*	*11%*	*13%*	*24%*	*34%*	*3%*	

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	CAGR (FY22-26)
Ghana									
Revenue (INR mn)	-	27	743	1,080	1,221	967	2,252	4,128	40%
YoY Growth %	-		*2673%*	*45%*	*13%*	*-21%*	*133%*	*83%*	
PBT	-	2.1	-16.3	-89.3	-158.9	52.1	502.7	1127.2	-
PBT Margin (%)	-	*8%*	*-2%*	*-8%*	*-13%*	*5%*	*22%*	*27%*	
PAT	-	2	(23)	(79)	(124)	41	333	827	-
PAT Margin (%)		*6%*	*-3%*	*-7%*	*-10%*	*4%*	*15%*	*20%*	
Nigeria									
Revenue (INR mn)	1,722	1,833	1,994	3,245	8,795	5,199	3,772	4,603	9%
YoY Growth %		*6%*	*9%*	*63%*	*171%*	*-41%*	*-27%*	*22%*	
PBT	241.3	226.7	276.9	429.9	1406.6	354.3	626	553.1	-
PBT Margin (%)	*14%*	*12%*	*14%*	*13%*	*16%*	*7%*	*17%*	*12%*	
PAT	157	148	177	283	938	238	418	359	-
PAT Margin (%)	*9%*	*8%*	*9%*	*9%*	*11%*	*5%*	*11%*	*8%*	
Turkey									
Revenue (INR mn)	3,717	3,365	3,824	4,295	8,880	7,853	7,889	9,994	24%
YoY Growth %		*-9%*	*14%*	*12%*	*107%*	*-12%*	*0%*	*27%*	
PBT	313.1	158.8	335.3	211	750.4	199	493.1	173.5	-
PBT Margin (%)	*8%*	*5%*	*9%*	*5%*	*8%*	*3%*	*6%*	*2%*	
PAT	239	128	268	156	553	277	397	3	-
PAT Margin (%)	*6%*	*4%*	*7%*	*4%*	*6%*	*4%*	*5%*	*0%*	
Tanzania									
Revenue (INR mn)	-	103	309	27	446	1,069	1,511	2,299	205%
YoY Growth %	-	-	*200%*	*-91%*	*1583%*	*140%*	*41%*	*52%*	
PBT	-	3	16	-9.9	10.9	120.5	371.1	585.9	-
PBT Margin (%)	-	*3%*	*5%*	*-37%*	*2%*	*11%*	*25%*	*25%*	
PAT	(7)	1	19	(15)	4	84	259	409	-
PAT Margin (%)	-	*1%*	*6%*	*-57%*	*1%*	*8%*	*17%*	*18%*	
Indonesia									
Revenue (INR mn)	-	-	-	-	39	253	516	463	128%
YoY Growth %	-	-	-	-	-	*548%*	*104%*	*-10%*	
PBT	-	-	-	-	-1.7	-0.3	9.8	42.5	-
PBT Margin (%)	-	-	-	-	*-4%*	*0%*	*2%*	*9%*	
PAT	-	-	-	-	(2)	(0)	8	33	-
PAT Margin (%)	-	-	-	-	*-4%*	*0%*	*2%*	*7%*	
Australia									
Revenue (INR mn)	53	36	232	398	1,270	1,563	1,776	1,967	49%
YoY Growth %	-	*-32%*	*544%*	*72%*	*219%*	*23%*	*14%*	*11%*	
PBT	-105.9	-202.6	139.9	-87.2	-77.5	40.4	-13.6	-43	-
PBT Margin (%)	*-201%*	*-563%*	*60%*	*-22%*	*-6%*	*3%*	*-1%*	*-2%*	
PAT	(58)	(186)	103	(67)	(58)	30	(10)	(32)	-
PAT Margin (%)	*-110%*	*-516%*	*44%*	*-17%*	*-5%*	*2%*	*-1%*	*-2%*	

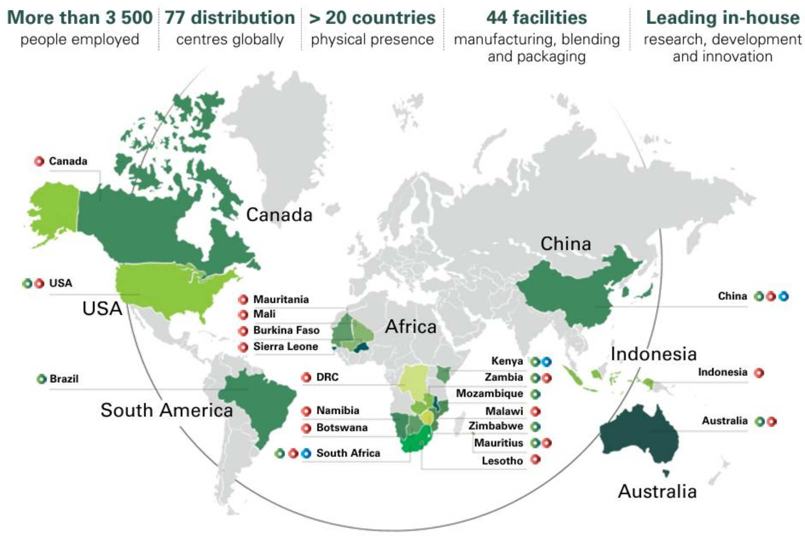
Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	CAGR (FY22-26)
Kazakhstan									
Revenue (INR mn)	-	-	-	-	-	-	28	264	-
YoY Growth %	-	-	-	-	-	-	-	*836%*	
PBT	-	-	-	-	-	-3	-13.4	-24.4	-
PBT Margin (%)	-	-	-	-	-	-	*-48%*	*-9%*	
PAT	-	-	-	-	-	(3)	(13)	(24)	-
PAT Margin (%)							*-48%*	*-9%*	

Source: Company, PL

Omnia acquisition to transform SOIL into a global integrated blasting solutions player

The proposed acquisition of South Africa-based Omnia Holdings for US$1.355bn (~INR129.5bn) marks a transformational step in SOIL's global expansion strategy, significantly strengthening its presence across the commercial explosives and mining value chain. Omnia operates across 23 countries, serves customers in 40+ countries and has 70+ distribution centers. Its BME mining business provides explosives, blasting systems, mining chemicals and metallurgical solutions to mining and quarrying customers.

Exhibit 45: Omnia operates across 23 countries



Source: Company, PL

Omnia acquisition will expands manufacturing footprint to ~25 countries and distribution reach to 100+ countries

Omnia significantly broadens SOIL's international footprint. SOIL has manufacturing presence across 11 countries and a distribution footprint spanning 90+ countries; as the acquisition to increase its manufacturing footprint to ~25 countries and distribution reach to 100+ countries. Beyond Africa, Omnia also provides access to strategically important mining markets and capabilities in regions where SOIL has limited presence. Further, Omnia is expanding in a couple of countries such as Canada, Australia, Indonesia and the US. The combined platform can therefore accelerate SOIL's transition from an India-led explosives manufacturer with an expanding international business, to a global mining and blasting solutions company.

Exhibit 46: Key segmental highlights of Omnia Holdings

Segment	Key business highlights
Mining	Operates through BME Blasting Solutions and BME Metallurgy, offering bulk emulsions, packaged explosives, initiating systems, digital blast-monitoring solutions and metallurgical processing solutions. The business has expanded its manufacturing footprint with initiating systems plants commissioned in Canada and an AXXIS™ electronic detonator assembly plant in Western Australia. Key operating markets include SADC, West Africa, Indonesia, Canada and Australia
Agriculture	Manufactures ammonia-based products, granular and liquid fertilizers, specialty fertilizers and agri-biostimulants, catering to commercial and small-scale producers, cooperatives and wholesalers. The segment has a diversified global presence across Australia, China, Brazil, the US, Kenya, Zambia, Zimbabwe, India and South Africa
Chemicals	Through Protea Chemicals, manufactures and distributes specialty, functional and effect chemicals, polymers and bulk chemicals, serving industrial, agricultural, water and life-sciences applications. The business is primarily focused on South Africa and the broader African market, supported by manufacturing, blending, packaging, warehousing and distribution capabilities, while also scaling its bulk chemical trading activities

Source: Company, PL

Exhibit 47: Revenue of Omnia grows at ~3% CAGR over FY22-26

Revenue (ZAR mn)	FY22	FY23	FY24	FY25	FY26
Agriculture	11,799	15,293	11,818	11,541	13,053
YoY Growth (%)	*41.4%*	*29.6%*	*-22.7%*	*-2.3%*	*13.1%*
Mining	6,667	8,533	8,289	9,121	9,816
YoY Growth (%)	*28.9%*	*28.0%*	*-2.9%*	*10.0%*	*7.6%*
Chemicals	2,971	2,746	2,112	2,156	1,331
YoY Growth (%)	*-7.6%*	*-7.6%*	*-23.1%*	*2.1%*	*-38.3%*
Total	**21,437**	**26,572**	**22,219**	**22,818**	**24,200**
YoY Growth (%)		*24.0%*	*-16.4%*	*2.7%*	*6.1%*
Revenue Mix (%)					
Agriculture	*55.0%*	*57.6%*	*53.2%*	*50.6%*	*53.9%*
Mining	*31.1%*	*32.1%*	*37.3%*	*40.0%*	*40.6%*
Chemicals	*13.9%*	*10.3%*	*9.5%*	*9.4%*	*5.5%*

Source: Company, PL

Exhibit 48: Segmental EBITDA of Omnia over FY22-26

EBITDA (ZAR mn)	FY22	FY23	FY24	FY25	FY26
Agriculture	1,648	1,611	1,306	1,345	1,657
Margin (%)	*14.0%*	*10.5%*	*11.1%*	*11.7%*	*12.7%*
Mining	707	978	1,165	1,304	1,314
Margin (%)	*10.6%*	*11.5%*	*14.1%*	*14.3%*	*13.4%*
Chemicals	212	220	54	-104	12
Margin (%)	*7.1%*	*8.0%*	*2.6%*	*-4.8%*	*0.9%*
Total	**2,567**	**2,809**	**2,525**	**2,545**	**2,983**
EBITDA Mix (%)					
Agriculture	*64.2%*	*57.4%*	*51.7%*	*52.8%*	*55.5%*
Mining	*27.5%*	*34.8%*	*46.1%*	*51.2%*	*44.0%*
Chemicals	*8.3%*	*7.8%*	*2.1%*	*-4.1%*	*0.4%*

Source: Company, PL

~INR130bn Omnia acquisition funded through internal accruals and debt

Transaction to be EPS accretive but growth dilutive

SOIL, through its step-down subsidiary Solar SA investments, will acquire 100% of South-Africa based Omnia Holdings for US$1.355bn (~INR130bn) in an all-cash transaction. Omnia reported FY26 revenue of ZAR24.2bn and EBITDA of ~ZAR2.2bn, implying an acquisition valuation of ~1x EV/Sales and ~8x EV/EBITDA after adjusting for Omnia's ~USD110mn net cash. We believe the acquisition will be largely funded through internal accruals and debt, estimated at INR110-120bn (100% debt in the books of Omnia), which is likely to generate annual interest expenses of INR10-11bn and nullify Omnia's FY28PAT. Although we expect this transaction to be EPS accretive from FY29 with revenue accreting immediately after consolidation (mid-FY28); however profit growth will be diluted (88% FY28E revenue growth vs 2% FY28E EPS growth of combined entity compared to SOIL) given inferior margins of Omnia Holdings. Substantial completion of Chemicals restructure, increase in plant utilization and operational efficiency may improve profitability in Omnia which could yield to FY29EPS growth.

Exhibit 49: Pro-forma financial

INR mn	SOIL estimates (Consolidated)			Combined (SOIL + Omnia) (Consolidated)			*Change (%)*		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	*FY27E*	*FY28E*	*FY29E*
Revenue	**1,36,400**	**1,71,693**	**2,07,332**	**1,36,400**	**3,23,335**	**3,75,413**	*0%*	*88%*	*81%*
Total Operating exp	99,504	1,24,529	1,50,109	99,504	2,60,780	3,00,792			
EBITDA	**36,896**	**47,164**	**57,224**	**36,896**	**62,556**	**74,620**	*0%*	*33%*	*30%*
EBITA Margin	*27.1%*	*27.5%*	*27.6%*	*27.1%*	*19.3%*	*19.9%*			
Other Income	1,364	1,717	2,073	1,364	1,520	1,821	*0%*	*-11%*	*-12%*
Depreciation	3,325	4,483	5,404	3,325	7,555	8,583			
Interest Cost	1,637	1,889	2,073	1,637	13,615	11,519			
PBT	**33,298**	**42,510**	**51,819**	**33,298**	**42,906**	**56,339**	*0%*	*1%*	*9%*
Tax	8,658	11,053	13,473	8,658	11,183	14,965			
PAT	**24,641**	**31,457**	**38,346**	**24,641**	**31,722**	**41,375**	*0%*	*1%*	*8%*
Adj PAT (after JV & MI)	23,843	30,430	37,069	23,843	31,190	40,352			
EPS	263	336	410	263	345	446	*0%*	*2%*	*9%*
No. of Shares	90.5	90.5	90.5	90	90	90			
P/E	71.7	56.2	46.1	71.7	54.8	42.4			

Strategic benefits of acquisition

Enhancing mining capabilities & global reach

Omnia's BME business brings capabilities across electronic initiation systems, blasting solutions and specialized explosives, complementing SOIL's established expertise in initiating systems and advanced explosives. The integration of BME's AXXIS electronic initiation technology with SOIL's existing initiating-system portfolio could strengthen latter's presence in higher value, technology-led blasting solutions, while products such as Hypex Bio, a hydrogen-peroxide-based explosive technology, would provide further scope for product diversification. Importantly, Omnia's established customer relationships and presence across Africa and other international mining markets can provide SOIL access to geographies where it has limited presence, enabling cross-selling of SOIL's explosives and initiating systems and improving its competitive positioning in the global mining explosives market.

Omnia acquisition offers significant synergy potential through cross-selling, technology integration, procurement benefits and higher plant utilization, supporting profitability improvement from FY29E

Agriculture provides an additional growth option beyond explosives

Omnia's sizable agriculture/crop-nutrition business provides SOIL with an adjacent growth platform beyond its core explosives and defense businesses, with capabilities spanning technology-led crop nutrition, biological products and agri-tech solutions. More importantly, Omnia's integrated manufacturing infrastructure, including nitric acid and ammonium nitrate production facilities, provides access to a reliable and sustainable regional supply base for key explosives raw materials. The recently commissioned 5,000t ammonium nitrate storage tank, which doubles its storage capacity, further strengthens supply security and operational flexibility. Over time, the combination could improve vertical integration, raw-material availability and supply reliability, while providing SOIL with greater control over a critical input and supporting cost competitiveness across the explosives value chain.

EV/EBITDA suggests ~INR22,678 fair value post Omnia acquisition

We undertake a scenario analysis to assess SOIL's fair value post the proposed Omnia acquisition, incorporating combined earnings potential and alternative financing structures. We value SOIL at 40x/37x of FY28E/FY29E EV/EBITDA, supported by strong defense growth, rising international contribution and steady domestic explosives cash flows. Omnia is valued at 12x/10x of FY28E/FY29E EV/EBITDA, reflecting restructuring and execution requirements, with upside from higher utilization and operational efficiencies.

SOIL's premium multiple is supported by its high-growth Defence portfolio (Pinaka, loitering munitions and ammunition), potential Pinaka Mk2 opportunity, and increasing international exposure, while domestic explosives provide a stable cash-generating base.

Omnia offers strong strategic fit through its global mining explosives platform, customer base, electronic initiation capabilities and upstream AN exposure. The acquisition can help SOIL leverage its technology and manufacturing capabilities across Omnia's network, accelerating its transition into a globally diversified explosives and mining solutions platform.

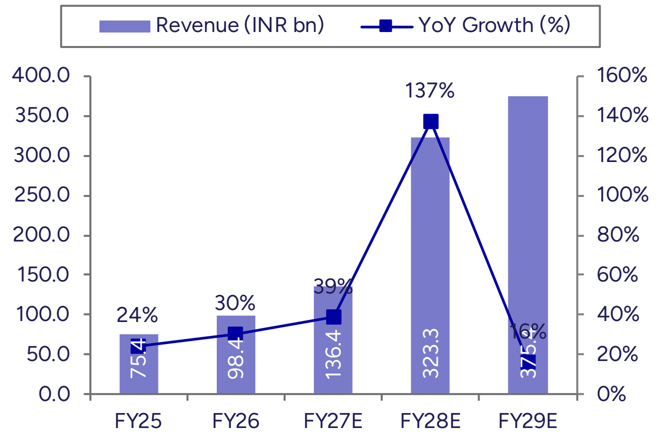
Exhibit 50: ~INR110bn acquisition debt at Omnia and ~INR20bn internal accruals

(INR mn)	Solar Industries		Omnia Holdings		Combined entity (Solar Industries + Omnia)	
	FY28E	FY29E	FY28E	FY29E	FY28E	FY29E
EV/EBITDA	40	37	12	10		
EBITDA	47,164	57,224	15,392	17,396	62,556	74,620
EV	18,86,564	21,17,277	1,84,700	1,73,963	20,71,265	22,91,240
Debt	17,240	18,240	1,13,630	1,08,630	1,30,871	1,26,871
Equity Value	18,69,324	20,99,037	71,070	65,333	19,40,394	21,64,370
No. of Shares	90.5	90.5	90.5	90.5	90.5	90.5
FV of share	20,658	23,196	785	722	21,441	23,916
Fair valuation at Sep'28E	**21,927**		**754**		**22,678**	
EPS at Sep'28E					**395.5**	
Implied P/E at Sep'28E (x)					**57.3**	

Source: Company, PL

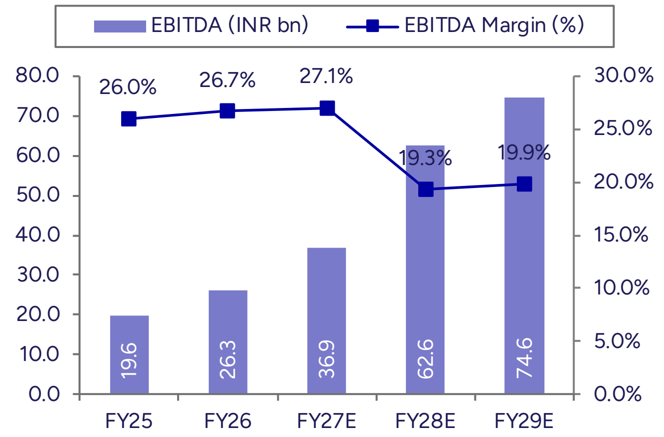
Combined entity charts – SOIL and Omnia Holdings

Exhibit 51: Revenue to grow ~56% CAGR over FY26-29E



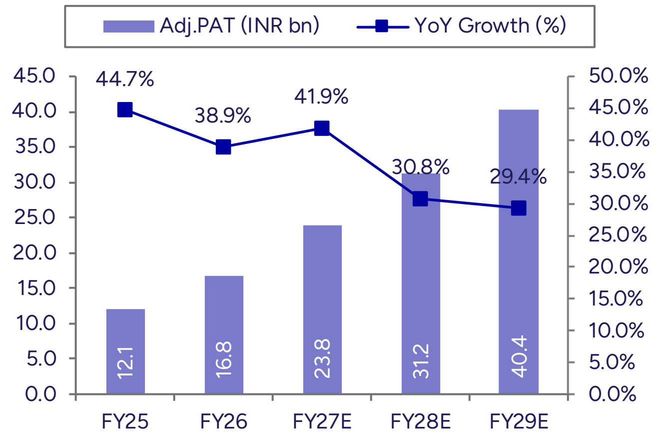
Source: Company, PL

Exhibit 52: EBITDA margin to decline post-acquisition



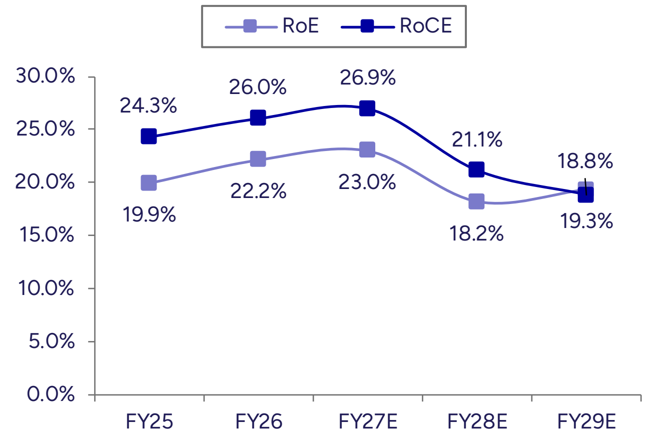
Source: Company, PL

Exhibit 53: Adj PAT to grow ~33.9% CAGR over FY26-29E



Source: Company, PL

Exhibit 54: Return ratios to taper post-acquisition

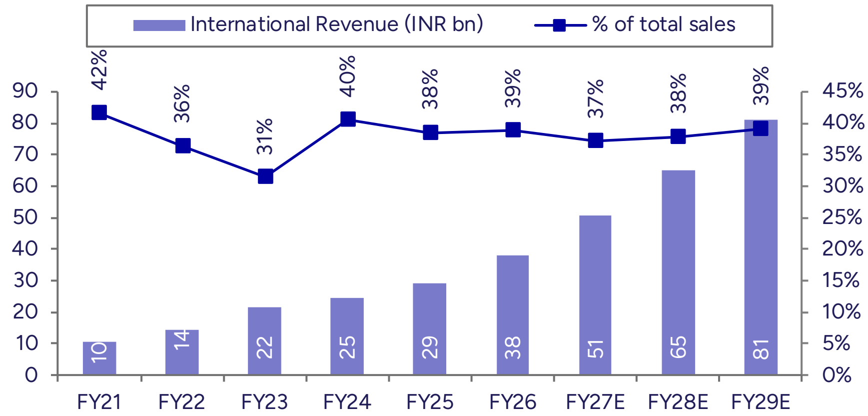


Source: Company, PL

Note: Revenue, Ebitda, Adj. PAT for FY25-FY27E pertains only to SOIL

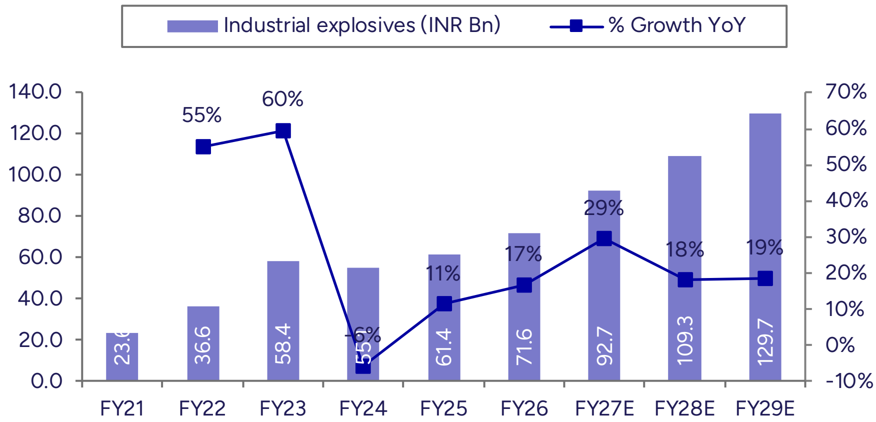
We believe international explosives revenue will grow at ~29% CAGR over FY26-29E (ex- Omnia holdings), led by 1) continued geographical expansion, 2) commissioning of new manufacturing facilities, 3) deeper customer relationships, and 4) market share gains across existing markets. The expansion of SOIL's manufacturing footprint should also improve its ability to serve local customers and capture incremental mining demand.

Exhibit 55: International explosives sales to grow at ~29% CAGR over FY26-29E



Source: Company, PL

Exhibit 56: Industrial Explosives to grow ~22% CAGR over FY26-29E



Source: Company, PL

Defence to continue to propel growth

SOIL's defense business has transitioned from a nascent vertical into a high-visibility, multi-year growth engine, fundamentally reshaping the company's earnings profile. The business is entering a new phase of growth, built on a stable consumable-led base of high-energy materials, propellants and ammunition, and increasingly complemented by higher value, integrated defense products for platform systems such as HALE/MALE UAVs, loitering munitions (Nagastra-1 & Nagastra -1R, Nagastra-2, Nagastra-3), hybrid VTOL strike (Rudrastra), counter drone systems (Bhargavastra) and rockets & missile systems. The company's expanding portfolio across loitering munitions, ammunition, propellants & warheads, and rockets & missiles, supported by repeat orders and a growing executable order book, provides increasing revenue visibility.

Full stack capability gives SOIL an edge

SOIL successfully developed one of India's most advanced and lethal non-nuclear explosives - SEBEX-2, SITBEX-1 and SIMEX-4

SOIL entered the defense space well before private participation accelerated, giving it a multi-year headstart in building capabilities ahead of policy support. SOIL initially concentrated on high-energy materials and has since developed a large, integrated HMX, RDX and TNT manufacturing facility. Much of this output feeds SOIL's own propellant and warhead programs, ensuring supply security, while the balance is exported to friendly nations.

Backed by strong R&D, SOIL has also developed advanced formulations such as SEBEX-2, SITBEX-1, SIMEX-4, SOMA, SOKFOL, DETNEX, OCTOL and Composition-B, marking a breakthrough in India's high-energy materials ecosystem. These niche capabilities, restricted to only a handful of players, have created formidable entry barriers and positioned SOIL as one of the few domestic manufacturers able to produce the full spectrum of refined energetic materials and formulations.

Pinaka to drive SOIL's next phase of defense scale-up

SOIL entered the defense ecosystem in 2010, expanding from industrial explosives into propellants, warheads and rocket subsystems, creating the capability base required for future participation in advanced rocket programs. In FY22, the Defence Acquisition Council cleared SOIL as a qualified bidder for the Pinaka rocket manufacturing program, making it the first private Indian company authorized to produce artillery rockets traditionally reserved for PSUs. SOIL's exclusive ToT for Pinaka rockets among private-sector players provides a strong competitive moat, positioning the company as a structural beneficiary of the Indian Army's expanding Pinaka ecosystem.

Exhibit 57: Pinaka – A key growth opportunity for SOIL

Source: Company, PL

Pinaka variants:

- Pinaka Area Denial Munition (ADM) 1, ADM 2, ADM 3: range of 28-37.5km (Pinaka ADM rockets are advanced area denial munitions designed for precision artillery fire with high lethality and extended operational range)
- Pinaka Enhanced: range of 40-45km (Pinaka MK-1 (Enhanced) is an advanced variant of the Pinaka Multi-Barrel Rocket Launcher (MBRL), developed to deliver longer range, higher accuracy and improved operational effectiveness across diverse terrains and weather conditions)
- Pinaka Guided Extended Range/Mk2: range of 75km+ (Pinaka Guided Extended Range rocket is an advanced precision-guided variant of the Pinaka MBRL, developed to achieve superior accuracy across all ranges while significantly extending engagement distance)

The Pinaka program is supported by a consortium of Indian defense manufacturers, reflecting a public-private partnership model for artillery production.

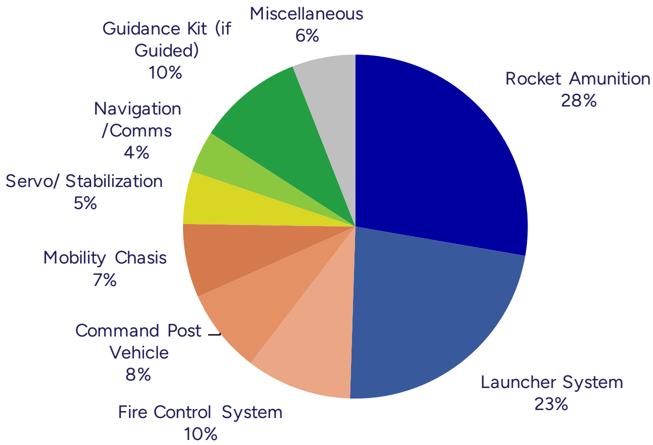
Exhibit 58: **Pinaka system – Key components and manufactures**

Component	Description	Key player
Rocket Ammunition	214mm rockets, including standard, guided and extended-range variants	MIL, SOIL (through EEL)
Rocket Launchers	MBRLs mounted on high-mobility vehicles	TASL, L&T
Fire Control System	Digital system for fire control, computation and targeting support	TASL
Command Post Vehicles	Mobile command, control and communication platforms supporting Pinaka batteries	TASL, L&T
Chassis / Mobility Platform	High-mobility vehicle platforms used to mount and transport launchers and support systems	BEML
Servo Control & Stabilization	Electronic systems for launcher alignment, aiming and stabilization	TASL, with technology/support from DRDO–ARDE and other Indian vendors
Navigation & Communication Systems	GPS/INS-based navigation and secure battlefield communication systems	DRDO, BEL and other Indian defense-electronics suppliers
Guidance Kit – Guided Pinaka	Precision guidance and control system enabling improved accuracy and extended-range engagement	DRDO-developed technology, with production/manufacturing support from EEL and other industry partners

Source: Industry, PL

Each Pinaka regiment typically consists of 3 batteries, with 6 launchers in each battery. Every launcher carries 12 rockets, allowing a single battery to fire 72 rockets in ~44 seconds. A full salvo can cover an area of roughly 1,000m by 800m, providing large-scale suppression capability against enemy troop concentrations, logistics areas, and artillery positions.

Exhibit 59: **Component wise cost breakdown**



Source: Industry, PL

INR60.8bn Pinaka order provides INR5-6bn annual revenue visibility over 8-10 years

The Cabinet Committee on Security in Q4FY25 approved a INR102bn (INR45bn ADM and INR57bn high-explosives ammunition) procurement program for Pinaka launchers and rockets. The order comprises ADM Type-1 rockets based on the dual-purpose improved conventional munition technology and high-explosive pre-fragmented (HEPF) Mk-1 (enhanced) rockets. The ADM system is designed to disperse multiple sub-munitions across a broad area, making it effective against mechanized formations, vehicles, and troop concentrations while restricting enemy mobility. Meanwhile, the HEPF Mk-1 (E) variant offers enhanced range and greater destructive capability compared to earlier versions, enabling more accurate and deeper-strike operations against strategic targets.

Exhibit 60: SOIL secured ~INR61bn order for Pinaka rockets

Pinaka Order	Order Size (INR bn)	Share (%)
Product Share		
High Explosive Ammunition	57	56%
Area Denial Munitions	45	44%
Total Value	**102**	**100%**
Manufacturer Share		
Solar Industries India	61	60%
Munitions India	41	40%

Source: Company, PL

Exhibit 61: Pinaka to generate ~INR6bn revenue on annual basis

Pinaka Mk1 Domestic Order	FY25	FY26	FY27E	FY28E	FY29E	FY30E
Revenue	-	1,521	6,051	6,073	6,084	6,084
Order Book	60,840	59,319	53,268	47,196	41,112	35,028
Execution (%)	-	3%	10%	11%	13%	15%

Source: Company, PL

On the export front, India signed a defense deal of ~INR20bn with Armenia (2022–23) covering Pinaka systems, ammunition and anti-tank rockets. Deliveries started in Q4FY26, marking a major milestone for India's defense exports. DRDO's parallel testing of Pinaka rockets manufactured by SOIL and MIL reinforced product credibility. Following this success, countries across Southeast Asia, Europe, and France had expressed interest in acquiring Pinaka, i.e., for Mk1/ADM.

We factor in incremental Pinaka export order inflows from FY27E, supported by increasing interest from Southeast Asian and European markets following successful exports to Armenia. This is expected to build a meaningful export order book and provide revenue visibility from FY28E onwards.

Exhibit 62: Expect Pinaka Mk1 export order to generate ~INR8bn revenue over FY28E-30E

Pinaka Mk1 Export Order	FY26	FY27E	FY28E	FY29E	FY30E
Revenue	-	-	1,440	2,912	3,930
Order book	-	8,000	14,560	19,648	23,718
Execution (%)	-	-	18%	20%	20%

Source: Company, PL

Pinaka Mk-2/Guided

Compared to the original Pinaka MLRS, the guided Pinaka extends the firing range to ~75km while adding precision targeting capabilities, making it suitable for high-value targets like command centers or fortified positions.

The guided Pinaka is a precision-strike variant of the Pinaka MLRS, designed and developed entirely within India. Its development involved collaboration between the Armament Research and Development Establishment (ARDE), Research Centre Imarat, Defence Research and Development Laboratory, High Energy Materials Research Laboratory, and Proof & Experimental Establishment. Rockets are manufactured by EEL and MIL, while Tata Advanced Systems Ltd (TASL) and L&T produce the launchers and battery command posts. The system integrates advanced navigation, guidance, and control technologies, utilizing inertial navigation with GPS/NavIC for accuracy within 30m.

Army targets 10 Pinaka regiments by 2027 vs. 7 currently operational, with a long-term objective of ~22 regiments likely to generate incremental order inflow for SOIL

In Dec'25, the Defence Acquisition Council accorded AoN for long-range guided rocket ammunition for Pinaka MRLS, marking a formal step toward the next-generation Pinaka ammunition program. Discussions on guided Pinaka (~75km) are underway, and order conversion is expected by end-CY27. With the operationalization of the 7th Pinaka regiment and the 8th regiment expected to become combat-ready by the end of 2026, the Army plans to field 10 Pinaka regiments by 2027, with a long-term objective of expanding the fleet to around 22 regiments.

Exhibit 63: Pinaka Mk2/Guided could offer ~INR53bn revenue potential for SOIL

Revenue potential analysis for SOIL from Pinaka Mk2/Guided	
Regiment	10
Batteries per regiment	3
Total Batteries	30
Launchers per battery	6
Total Launchers	180
Missile/rockets per launcher	12
Salvos	7
Cost Per missile (INR mn)	7
Total Missile Required	15,120
Total Contract value	1,05,840
Solar Share (%)	*50%*
Solar revenue potential	52,920

Source: Company, PL

Mk3 and Mk4: Long runway ahead

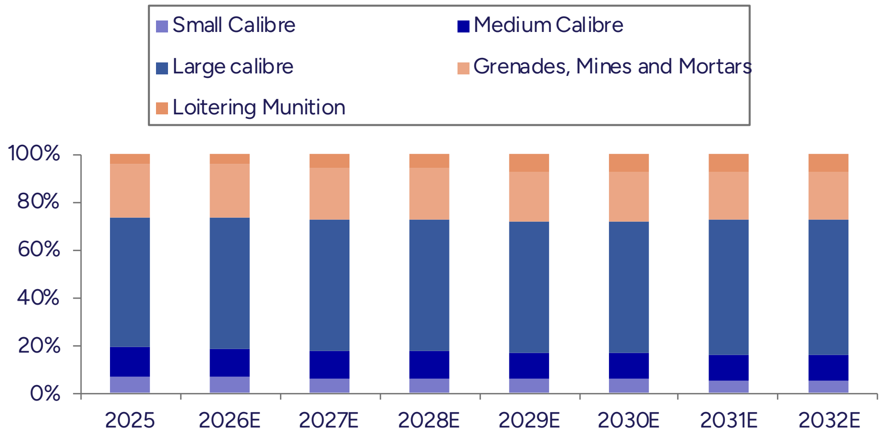
The evolution of Pinaka toward Mk-III (~120km) and Mk-IV (~300km) variants could significantly enhance India's long-range strike capabilities while creating a new leg of growth for SOIL. SOIL's established position in the Pinaka ecosystem and existing ToT provide a strong starting point for potential participation in these advanced variants, although absence of ToT or the entry of a new private-sector manufacturer remains a key risk.

SOIL aims to tap more global opportunities in ammunitions amid rising geopolitical tensions

SOIL is well positioned to monetize the global ammunition supply gap created by sustained geopolitical conflicts (Ukraine, Gaza) and accelerated re-armament across NATO and Indo-Pacific nations. Global military spending and procurement rose sharply in CY24–25 as countries rebuilt depleted stockpiles and upgraded munitions, driving higher demand for artillery, medium- and high-caliber ammunition, grenades and loitering systems.

Global ammunition demand is estimated at ~INR1.4trn, with large-caliber ammunition forming the largest share, followed by grenades, mortars, mines and medium-caliber ammunition. Supported by continued geopolitical uncertainty and inventory replenishment cycles, the global ammunition market is expected to grow at ~4% CAGR over CY25–32E.

Exhibit 64: **Demand for large-calibre ammunition in global markets to remain high**



Source: Industry, PL

SOIL's ammunition portfolio is strategically aligned with the fastest-growing segments. The company manufactures medium-caliber ammunition (23mm, 30mm and 40mm) used in aircraft and fighter platforms, multi-mode hand grenades, and loitering munitions. Importantly, SOIL has recently entered large-caliber ammunition with 155mm artillery shells, where trial production has commenced and progressing through qualification stages. The company does not manufacture small-caliber ammunition, where competition is higher and margins are structurally lower.

Given that the largest demand-supply mismatch globally is in medium- and large-caliber ammunition, SOIL's entry into 155mm shells materially expands its addressable market and positions it to benefit disproportionately relative to industry growth. Coupled with its integrated energetics capability and defense execution track record, SOIL is well placed to capture export-led ammunition orders and emerge as a key supplier amid sustained global re-armament.

Loitering munitions: A new growth vector for SOIL

The global loitering-munitions market has consequently moved from a niche capability to a strategic defense priority. The Russia-Ukraine conflict demonstrated the effectiveness of low-cost kamikaze drones against high-value armored and air-defense assets, while the extensive deployment of Iran-origin Shahed-136 systems highlighted the ability of mass-produced unmanned platforms to saturate air-defense networks and create significant cost asymmetry. India has not merely observed these developments but has increasingly validated its indigenous capabilities in operational environments. During Operation Sindoor, Indian loitering munitions reportedly struck 9 strategic locations within 25 minutes, providing further evidence of their battlefield relevance.

By launch platform, ground-based systems dominate the loitering munitions market, accounting for ~66% of total deployments, followed by sea-based platforms at ~26% and air-based platforms at ~8%. Geographically, the market is led by North America, followed by Europe, Asia-Pacific and RoW.

Exhibit 65: India's loitering munition portfolio

System	Manufacturer	Range	Warhead / Role	Status
Nagastra-1	Solar Industries (EEL)	15km (manual) / 30–40km (autonomous)	1kg fragmentation; infantry-level	In service (2024)
Nagastra-1R	Solar Industries (EEL)	~30km	Enhanced variant; reusable if no target	450 units ordered (Jun'25)
Nagastra-2 (Vijayastra)	Solar Industries (EEL)	~50km	Battalion-level precision strike	Under development
Nagastra-3	Solar Industries (EEL)	~100km	Brigade/division-level; logistics hubs, artillery	Under development
Next-gen Nagastra	Solar Industries (EEL)	500–700km	Cruise-missile-class deep strike	Early-stage research
ALS-50 / ALS-250	Tata Advanced Systems	Up to 250km	VTOL; multiple warhead types; anti-armor	Demoed in Europe (Jan'26)
ALFA-S (Swarm)	HAL + NewSpace R&T	~100km (glide) + swarm	24 × 25 kg drones per pod; AI-driven swarm	Under development
Sureshastra Mk1	Veda Aeronautics	150–300km (Mk1); 500+km (Mk2)	Jet-powered; GPS-denied; swarm-capable	IAF contract (~INR300crore)
Sureshastra (long-range)	Veda Aeronautics	1,500+km	Shahed-class deep strike	Under development
Sheshnaag-150	NewSpace Research Technologies	1,000–1,500km	25–40kg payload; NAVIC + visual odometry	Under development
Peacekeeper (Agniyeg)	SMPP Ltd	~180km	Turbojet; 450kg/h; anti-radiation	Under development
Harop (license-built)	Adani Defence / Elbit	~1,000km	Strategic SEAD/DEAD	In service

Source: Industry, PL

Nagastra: SOIL has an established product and first-mover advantage

SOIL's Nagastra-1 provides the company with an important headstart as the Army moves toward large-scale deployment of loitering munitions.

Exhibit 66: Key specifications: Nagastra-1 vs. Nagastra-2 vs. Nagastra-3

Parameter	Nagastra-1	Nagastra-2	Nagastra-3
Warhead	1kg (eliminates anti-personnel and soft-skin vehicles)	4kg HEPF & anti-tank	8kg HEPF & anti-tank
Operational range	15–30km	Up to 90km	Up to 100km
Endurance	Up to 60 mins	90 minutes	180 minutes
Takeoff weight	8kg	16kg	45kg
Status	Operational and upgraded Nagastra 1R	Trials ongoing	Under development

Source: Company, PL

The Nagastra family is also evolving beyond the initial infantry-level system, with the company developing longer range variants. The portfolio includes Nagastra-1R (~30km), Nagastra-2 (~50km) and Nagastra-3 (~100km), alongside research into substantially longer range systems. Nagastra-1 is already in service with the Indian Army, with 480 units reportedly delivered in 2024, followed by an additional 450-unit order for the Nagastra-1R variant in 2025.

SOIL developing the next generation Nagastra-2 and Nagastra -3

The Indian Army is reportedly planning to induct ~30,000 loitering munitions over the next few years as part of the creation of dedicated Ashni Platoons across frontline infantry formations. As of late-2025, ~385 infantry battalions had reportedly been equipped with Ashni platoons, each comprising 20–25 personnel and intended to undertake surveillance, target acquisition and precision-strike missions. For SOIL, this represents a significant addressable domestic opportunity.

Exhibit 67: Indian Army procured 930 units of Nagastra 1, underscoring strong foothold in loitering munitions

Year (Delivered)	Unit	Total value (INR mn)
2024	480	2,120
2025	450	1,580
Total	**930**	**3,700**

Source: Company, PL

SOIL gears up for India's ~INR200bn MALE UAV drones

Solar Defence & Aerospace, the defense and aerospace arm of SOIL, has received MoD approval to develop a MALE UAV platform and is among the contenders for the proposed 87-UAV tri-service program, estimated at ~INR200bn. The program envisages UAVs with >30 hours of endurance, >35,000ft service ceiling and >60% indigenous content. SOIL's newly commissioned Nagpur facility includes a 1.27km runway dedicated to the development and testing of MALE/HALE-class UAS, strengthening its in-house UAV development and testing capabilities

SOIL's MALE UAV is in the development phase, targeting 30+ hours of endurance with scalability to MoD specifications. Its newly commissioned UAV testing facility provides in-house capability for aerodynamic evaluation, payload integration and endurance trials, significantly shortening development timelines and strengthening its bid credibility.

87-MALE UAV, ~INR200bn tri-service program opens a sizable new opportunity for SOIL

The tender addresses India's need for persistent intelligence, surveillance and reconnaissance along contested borders and positions Solar Defence and Aerospace as an emerging player in the country's unmanned systems ecosystem. SOIL is also exploring HALE-class UAV development, adding longer-term optionality to its Defence portfolio.

SOIL poised to benefit from India's INR217bn Project Kusha

Project Kusha, DRDO's long-range air defense missile program, represents one of India's largest indigenization initiatives, with total program value estimated at ~INR217bn, covering multi-range interceptor missiles (M1/M2/M3), launchers, radars, command systems, and ~25 years of lifecycle support and export potential. As the program transitions from prototype fabrication to developmental trials and then full-scale induction from 2028, the requirement for solid rocket motors, high-energy propellants, explosive warheads, motor casings, and pyro-mechanisms creates a structurally attractive opportunity pool for qualified private-sector suppliers.

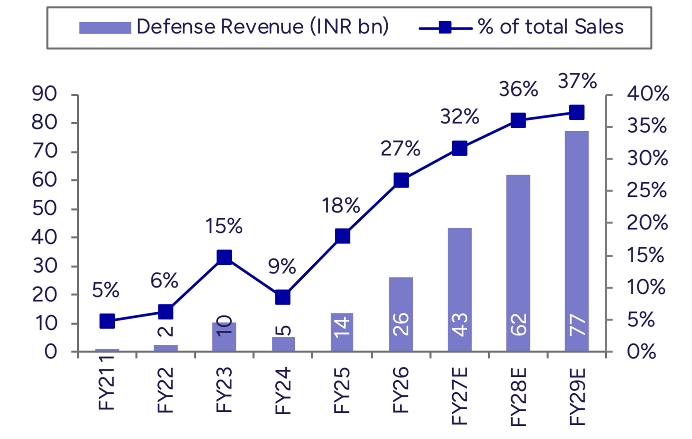
The M1 interceptor, covering up to 150km, is optimized for agile targets such as fighter jets and cruise missiles. The M2 interceptor extends coverage to 250km, specifically designed to engage stealth aircraft and high-speed threats. The M3 interceptor, the longest-range variant, reaches 350–400km, targeting high-value airborne assets including aerial refuelers and airborne warning and control systems (AWACS).

SOIL brings specialized expertise in the production of solid rocket motors and advanced propellants and is notably contributing to the manufacturing of the booster for the M2 interceptor.

SOIL's inclusion as a key development and production partner for Project Kusha underscores the increasing role of private players in India's high-end defense manufacturing. The company is leveraging its expertise in solid rocket motors and advanced propellants to contribute to the M2 interceptor, including its booster, while its demonstrated manufacturing readiness supports faster program execution and strengthens India's Atmanirbhar Bharat push in critical missile propulsion technologies. We view participation at the trial stage as an important optionality lever, strengthening SOIL's positioning within India's strategic missile ecosystem and diversifying its defense portfolio beyond artillery ammunition into long-cycle air defense platforms.

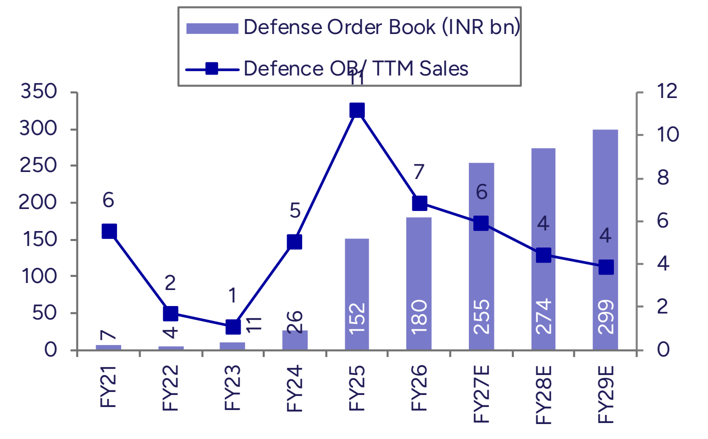
Overall, backed by strong manufacturing capabilities, sustained capex-led capacity build-up, and a robust pipeline of new product launches (spanning trial to commercial stages), SOIL is well positioned to capitalize on the global ammunition demand–supply mismatch and expanding defense procurement across platforms and systems. With healthy order inflows and multiple addressable opportunities across rockets, ammunition, UAVs and energetics, we expect the order book to grow at ~18% CAGR over FY26–29E. Strong execution capability likely to translate this into ~43% revenue CAGR over FY26-29E, reinforcing SOIL's defense-led growth trajectory.

Exhibit 68: Defence revenue to grow at ~43% CAGR over FY26-29E



Source: Company, PL

Exhibit 69: Defence order book to grow at ~18% CAGR over FY26-29E



Source: Company, PL

Financial Analysis

Revenue to grow at ~28% CAGR over FY26-29E

We expect SOIL to record ~28% revenue CAGR over FY26-29E with healthy growth across both segments.

Industrial explosive to report ~22% CAGR over FY26-29E led by overseas explosive growth CAGR of ~29% and domestic explosives growth CAGR of ~13%

- **Industrial Explosives:** We expect the segment to register ~22% CAGR over FY26-29E, driven by both overseas and domestic businesses
    - **Overseas explosives:** Revenue is expected to grow at ~29% CAGR, led by continued geographical expansion, commissioning of new manufacturing facilities, deeper customer relationships and market-share gains across existing markets. The expansion of SOIL's manufacturing footprint should also improve its ability to serve local customers and capture incremental mining demand.
    - **Domestic explosives:** We estimate ~13% CAGR, driven by increasing exposure to non-coal mining and infrastructure-led demand, supported by the government's infrastructure and mining push. SOIL's integrated manufacturing capabilities, backward integration in key raw materials, extensive distribution network with proximity to mining clusters, and diversified product portfolio should support sustained volume growth and market-share gains.

Defence order book to support ~43% revenue CAGR over FY26-29

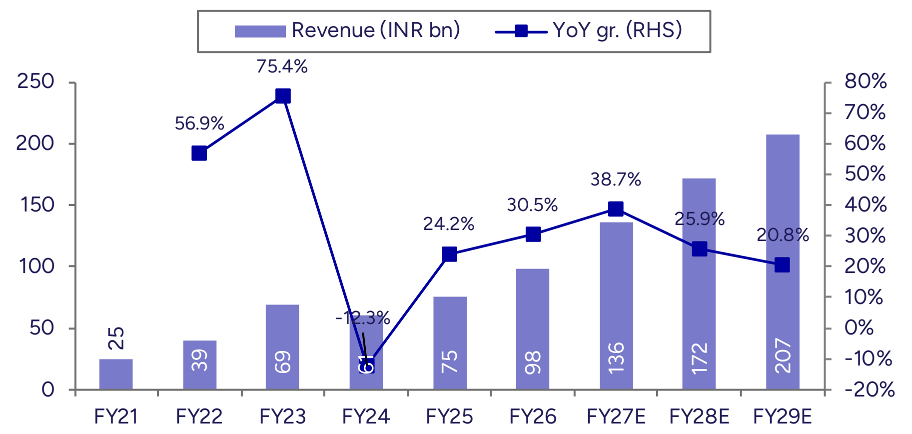
- **Defence:** We estimate ~43% revenue CAGR over FY26-29E, supported by strong execution across Pinaka, Nagastra, HEM and ammunition. Pinaka revenue is expected to scale up to ~INR16.5bn, driven by execution of the existing INR60.8bn Mk1 order (annual execution run-rate of ~INR6bn), potential fresh Mk2 orders and Mk1 export orders from FY27E. The ~INR120bn Defence order book, executable over the next 3–4 years, provides strong revenue visibility, while expansion into newer products and increasing export opportunities should further support growth.

Exhibit 70: Defence revenue to grow ~43% CAGR over FY26-29E

Revenue Mix (INR mn)	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Industrial Explosives	58,380	55,100	61,360	71,580	92,666	1,09,338	1,29,655
YoY gr (%)	*60%*	*-6%*	*11%*	*17%*	*29%*	*18%*	*19%*
Defense	10,220	5,160	13,550	26,340	43,228	61,799	77,065
YoY gr (%)	*311%*	*-50%*	*163%*	*94%*	*64%*	*43%*	*25%*
Others	640	430	500	460	506	557	612
YoY gr (%)	*59%*	*-33%*	*16%*	*-8%*	*10%*	*10%*	*10%*

Source: Company, PL

Exhibit 71: Revenue to grow at ~28% CAGR over FY26-29E

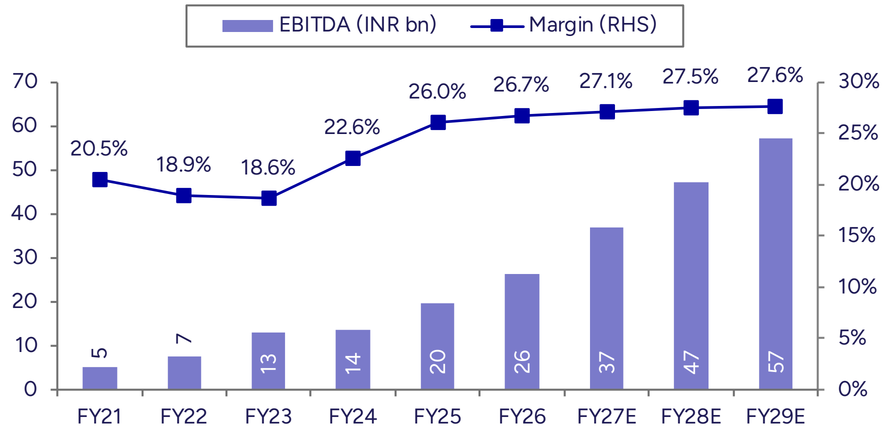


Source: Company, PL

EBITDA margin to reach ~27.6% by FY29E

We expect EBITDA margin to expand by ~90bps to reach ~27.6% by FY29E on the back of 1) high-margin defense orders, 2) a favorable product mix, 3) rising share of international explosives business and 4) operating leverage arising out of scaling up of manufacturing.

Exhibit 72: EBITDA to grow at ~29.7% CAGR over FY26-29E

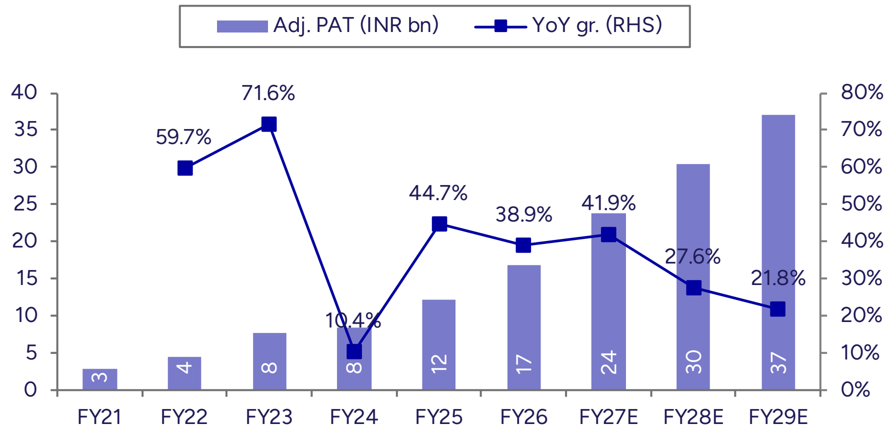


Source: Company, PL

Adj PAT to grow at ~30% CAGR over FY26-29E

We estimate consolidated adj PAT to grow at ~30% CAGR over FY26-29E driven by robust growth in the defense and international explosives business, along with a favorable product mix and operating leverage-led margin expansion.

Exhibit 73: Adj PAT to grow at ~30% CAGR over FY26-29E

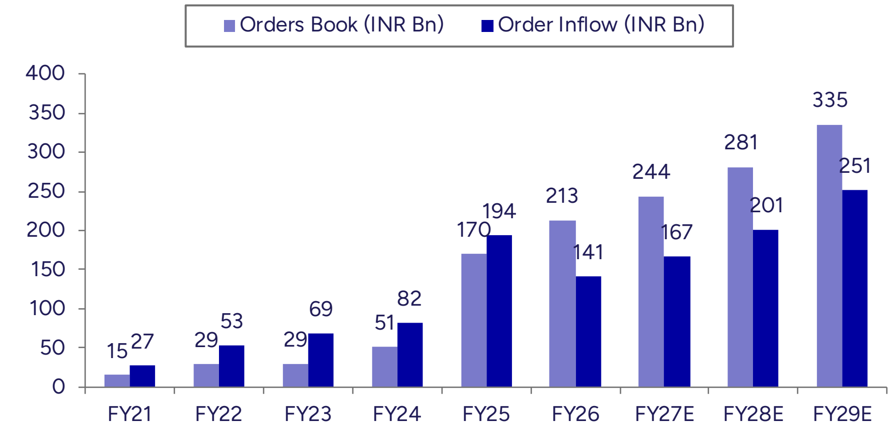


Source: Company, PL

Order book & inflows to grow strongly over FY26-29E

We estimated SOIL's order book to clock ~16% CAGR over FY26-29E driven by 1) healthy Defence order inflows, 2) export order for Pinaka Mk1 and domestic order for Pinaka Mk2, 3) incremental ammunition order and inventory replenishment amid geopolitical tensions, 3) continuous traction for explosives in domestic and international markets, 5) India's indigenization push and rising demand for advanced platforms such as UAVs, rockets and missiles, and 6) multi-year nature of defense programs together enhanced the order visibility.

Exhibit 74: **Order book remains strong likely to grow ~16% CAGR over FY26-29E**



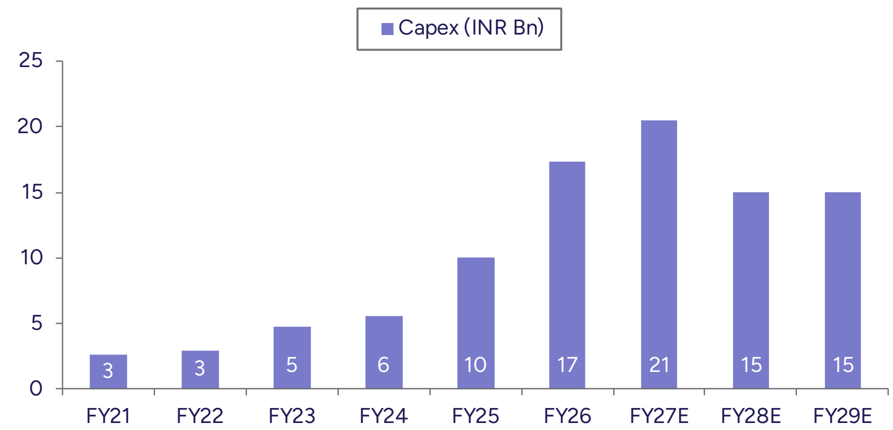
Source: Company, PL

Capex to remain elevated over FY27-29E

~INR50.5bn capex over FY27-29E to support domestic capacity and overseas expansion

SOIL has consistently diversified its product portfolio and expanded its geographic presence over the past decade through sustained investments in manufacturing. During FY15–26, the company incurred cumulative capex of ~INR55bn, primarily toward capacity expansion, backward integrations and international expansions. Going forward, with rising explosives capacity, entry into new geographies (Kazakhstan, Australia and Saudi Arabia), strategic acquisitions (Pro Blast Group (South Africa)), and an MoU with the Government of Maharashtra to invest ~INR127bn over the next 10 years, SOIL is expected to incur ~INR50.5bn of capex over FY27–29E, underpinning long-term growth visibility across domestic and overseas markets.

Exhibit 75: **SOIL to incur INR66bn capex over FY27E-30E**



Source: Company, PL

Valuation & Outlook

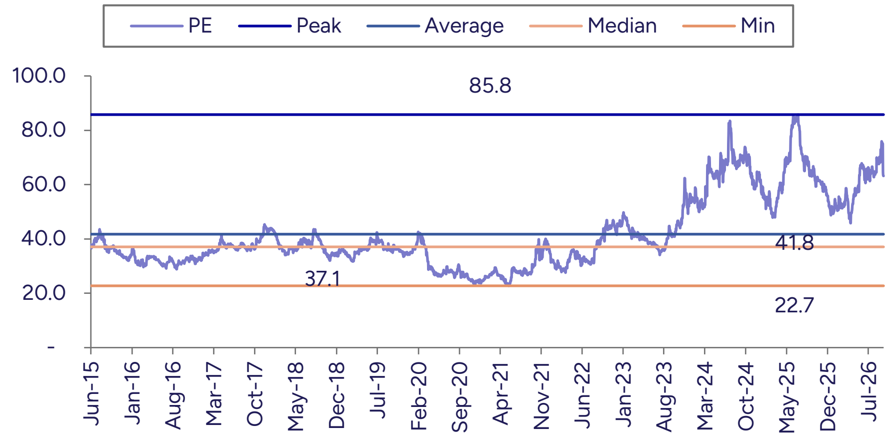
We expect SOIL to report revenue CAGR of ~28% over FY26-29E led by the (1) execution of its largest domestic defense order of ~INR60.8bn Pinaka and potential fresh order for domestic Pinka Mk2 and export order for Pinaka Mk1, (2) robust execution of ~INR120bn international defense order backlog, (3) rising share in international explosive business, (4) steady growth in domestic explosive business and (5) rising export orders across defense segments.

Defense-led scale-up and operating leverage to drive ~30% EBITDA and ~30% PAT CAGR over FY26-29E

We estimate EBITDA/adj PAT CAGR of ~30%/~30% over FY26-29E on the back of 11) high-margin defense orders, 2) a favorable product mix, 3) rising share of international explosives business and 4) operating leverage arising out of scaling up of manufacturing.

We initiate coverage on SOIL with 'BUY' rating and TP of INR23,124, implying 62x P/E on Sep'28 driven by a strong multi-year growth opportunity across Defence and Industrial Explosives. We estimate ~28% revenue CAGR over FY26-29E, led by ~43% CAGR in Defence and ~22% in core explosives, with Defence mix rising from ~27% in FY26 to ~37% by FY29E. Near-term growth is expected to remain robust at ~32% CAGR over FY26-28E, with Defence revenue scaling from ~INR26bn to ~INR62bn, supported by strong execution across Pinaka (~INR61bn order book and Armenia exports), ~INR120bn defence international order book (HEM/Ammunitions, Nagastra, and MMHG). Further, Bhargavastra, MALE and KUSHA provide additional growth optionality, while continued overseas expansion should support the Industrial Explosives franchise. We expect ~9-bps EBITDA margin expansion to 27.6% by FY29E, driven by increasing Defence mix, operating leverage and improving explosives mix. With ~INR50.5bn cumulative capex over FY27-29E expected to be funded through operating cash flows, SOIL is well placed to capitalize on the structural growth in defense and mining/explosives, while increasing product diversification and export opportunities should further strengthen its long-term growth profile.

Exhibit 76: SOIL is trading at 58.7x/48.2x on FY28E/29E earnings (1 year forward P/E band chart)



Source: Company, PL

Exhibit 77: Peer Comparison (Domestic)

Company	Revenue (INR mn)				EBITDA (INR mn)				EBITDA Margin (%)				PAT (INR mn)			
	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E
Solar Industries India	**98,377**	**1,36,400**	**1,71,693**	**2,07,332**	**26,254**	**36,896**	**47,164**	**57,224**	**26.7%**	**27.1%**	**27.5%**	**27.6%**	**16,802**	**23,843**	**30,430**	**37,069**
PTC Industries*	6,028	10,820	20,704	30,202	1,318	3,109	7,740	12,103	21.9%	28.7%	37.4%	40.1%	1,016	2,026	5,459	8,827
Astra Microwave Products*	11,628	13,508	16,565	21,149	3,338	3,834	4,764	5,999	28.7%	28.4%	28.8%	28.4%	1,921	2,423	3,144	4,079
Bharat Dynamics*	24,418	43,111	59,364	80,569	2,234	7,128	10,453	16,625	9.1%	16.5%	17.6%	20.6%	4,203	8,188	11,320	15,117
Apollo Micro Systems*	9,043	15,127	22,760	33,739	2,182	3,385	5,680	8,333	24.1%	22.4%	25.0%	24.7%	1,129	1,662	3,116	5,034
Data Patterns*	9,248	11,643	15,176	18,991	3,740	4,602	6,140	7,733	40.4%	39.5%	40.5%	40.7%	2,714	3,433	4,581	5,839

*Source: Company, PL, *Bloomberg Estimates*

Exhibit 78: Peer Comparison (Domestic)

Company	P/E				EV/EBITDA				ROE			
	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E	FY26	FY27E	FY28E	FY29E
Solar Industries India	**106.3x**	**74.9x**	**58.7x**	**48.2x**	**68.3x**	**48.4x**	**37.7x**	**30.8x**	**31.5%**	**31.8%**	**29.5%**	**26.9%**
PTC Industries*	323.4x	163.8x	60.8x	37.6x	169.5x	72.7x	29.2x	18.7x	7.0%	14.1%	24.7%	30.9%
Astra Microwave Products*	79.5x	63.2x	48.8x	37.6x	24.4x	21.3x	17.1x	13.6x	16.0%	16.6%	18.9%	19.5%
Bharat Dynamics*	102.0x	52.3x	37.8x	28.3x	158.9x	49.8x	34.0x	21.3x	10.2%	17.4%	20.6%	22.9%
Apollo Micro Systems*	127.9x	87.9x	49.2x	30.6x	31.5x	20.4x	12.3x	8.3x	11.8%	10.5%	15.4%	24.5%
Data Patterns*	95.5x	71.6x	54.4x	42.6x	44.3x	36.0x	27.0x	21.4x	16.7%	18.6%	20.8%	21.7%
Mean	*145.7x*	*87.8x*	*50.2x*	*35.3x*	*85.7x*	*40.0x*	*23.9x*	*16.7x*				
Median	*102.0x*	*71.6x*	*49.2x*	*37.6x*	*44.3x*	*36.0x*	*27.0x*	*18.7x*				
High	*323.4x*	*163.8x*	*60.8x*	*42.6x*	*169.5x*	*72.7x*	*34.0x*	*21.4x*				
Low	*79.5x*	*52.3x*	*37.8x*	*28.3x*	*24.4x*	*20.4x*	*12.3x*	*8.3x*				

*Source: Company, PL, *Bloomberg Estimates*

Exhibit 79: Peer Comparison (Global)

Company	Revenue (USD mn)				EBITDA (USD mn)				EBITDA Margin (%)				PAT (USD mn)				EPS			
	CY25	CY26E	CY27E	CY28E	CY25	CY26E	CY27E	CY28E	CY25	CY26E	CY27E	CY28E	CY25	CY26E	CY27E	CY28E	CY25	CY26E	CY27E	CY28E
Omnia*	**1,397**	**1,606**	**1,605**	**1,709**	**158**	**188**	**203**	**223**	**11.3%**	**11.7%**	**12.6%**	**13.0%**	**80**	**105**	**110**	**124**	**0.5**	**0.6**	**0.6**	**0.7**
EPC Groupe*	610	689	745	793	83	96	110	121	13.5%	14.0%	14.8%	15.3%	32	38	46	52	15.0	17.2	20.9	23.6
Dyno Nobel*	3,441	2,523	2,448	2,528	652	556	581	614	18.9%	22.0%	23.7%	24.3%	273.0	231.5	239.3	272.7	0.1	0.1	0.1	0.2
Orica*	5,244	5,789	5,989	6,148	960	1,110	1,185	1,245	18.3%	19.2%	19.8%	20.3%	348	411	457	498	0.7	0.9	1	1.1
Enaex*	2,163	-	-	-	382	-	-	-	17.7%	-	-	-	190	-	-	-	1.6	-	-	-

*Source: Company, PL, *Bloomberg Estimates*

Exhibit 80: Peer Comparison (Global)

Company	P/E				EV/EBITDA				ROE			
	CY25	CY26E	CY27E	CY28E	CY25	CY26E	CY27E	CY28E	CY25	CY26E	CY27E	CY28E
Omnia*	**15.0x**	**12.5x**	**12.5x**	**10.7x**	**5.1x**	**4.3x**	**4.0x**	**3.6x**	**13.0%**	**15.2%**	**16.4%**	**18.2%**
EPC Groupe*	22.7x	19.8x	16.3x	14.4x	7.8x	6.7x	5.8x	5.3x	16.1%	4.0%	5.1%	5.5%
Dyno Nobel*	28.0x	28.0x	28.0x	14.0x	7.0x	8.3x	7.9x	7.5x	-1.1%	7.7%	8.2%	9.0%
Orica*	23.0x	17.9x	16.1x	14.6x	8.4x	7.3x	6.8x	6.5x	3.8%	14.7%	16.5%	17.0%
Enaex*	16.8x	-	-	-	9.5x	-	-	-	20.5%	-	-	-
Mean	*21.1x*	*19.6x*	*18.2x*	*13.5x*	*7.6x*	*6.6x*	*6.1x*	*5.7x*				
Median	*22.7x*	*18.9x*	*16.2x*	*14.2x*	*7.8x*	*7.0x*	*6.3x*	*5.9x*				
High	*28.0x*	*28.0x*	*28.0x*	*14.6x*	*9.5x*	*8.3x*	*7.9x*	*7.5x*				
Low	*15.0x*	*12.5x*	*12.5x*	*10.7x*	*5.1x*	*4.3x*	*4.0x*	*3.6x*				

*Source: Company, PL, *Bloomberg Estimates*

Key Risks

Regulatory environment risks: The explosives sector operates under a highly regulated framework. Any tightening or modification in government regulations could increase compliance requirements, elevate operating costs, or temporarily disrupt manufacturing and dispatch schedules.

Input cost sensitivity: Operations are dependent on critical raw materials such as AN. Volatility in prices or supply constraints of these inputs may adversely impact cost structures and margin profile.

Operational & safety risks: Given the hazardous nature of explosives manufacturing and handling, the business is exposed to inherent safety and operational risks. Any untoward incident could result in operational interruptions, financial liabilities, and reputational impact, underscoring the importance of stringent safety and compliance systems.

Geopolitical risks: The company's international exposure makes it vulnerable to geopolitical developments, including trade restrictions, sanctions, or regional conflicts, which could disrupt supply chains, affect exports, or delay project execution.

Acquisition & integration risk: The Omnia acquisition increases SOIL's exposure to integration and execution risks, including challenges in integrating operations and achieving targeted synergies. Higher leverage and working-capital requirements following the acquisition could also constrain financial flexibility, while slower-than-expected ramp-up of Omnia's business may delay the anticipated earnings contribution

Financials

Income Statement (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Net Revenues	**98,377**	**136,400**	**171,693**	**207,332**
YoY gr. (%)	*30.5*	*38.7*	*25.9*	*20.8*
Cost of Goods Sold	48,937	67,927	84,525	101,696
Gross Profit	49,440	68,473	87,169	105,636
Margin (%)	*50.3*	*50.2*	*50.8*	*51.0*
Employee Cost	8,414	11,389	14,251	17,416
Other Expenses	14,772	20,187	25,754	30,996
EBITDA	**26,254**	**36,896**	**47,164**	**57,224**
YoY gr. (%)	*33.9*	*40.5*	*27.8*	*21.3*
Margin (%)	*26.7*	*27.1*	*27.5*	*27.6*
Depreciation and Amortization	2,509	3,325	4,483	5,404
EBIT	**23,745**	**33,571**	**42,681**	**51,819**
Margin (%)	*24.1*	*24.6*	*24.9*	*25.0*
Net Interest	1,340	1,637	1,889	2,073
Other Income	1,280	1,364	1,717	2,073
Profit Before Tax	**23,650**	**33,298**	**42,510**	**51,819**
Margin (%)	*23.7*	*24.2*	*24.5*	*24.7*
Total Tax	6,286	8,658	11,053	13,473
Effective Tax Rate (%)	*26.6*	*26.0*	*26.0*	*26.0*
Profit After Tax	**17,364**	**24,641**	**31,457**	**38,346**
Minority Interest	591	800	1,030	1,280
Share Profit from Associate	3	3	3	3
Adjusted PAT	**16,802**	**23,843**	**30,430**	**37,069**
YoY gr. (%)	*38.9*	*41.9*	*27.6*	*21.8*
Margin (%)	*16.9*	*17.3*	*17.5*	*17.7*
Extra Ord. Income / (Exp)	(26)	-	-	-
Reported PAT	**16,776**	**23,843**	**30,430**	**37,069**
YoY gr. (%)	*38.7*	*42.1*	*27.6*	*21.8*
Margin (%)	*16.8*	*17.3*	*17.5*	*17.7*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	16,776	23,843	30,430	37,069
Equity Shares O/s (mn)	**90**	**90**	**90**	**90**
EPS (INR)	**185.7**	**263.5**	**336.3**	**409.6**

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
Non-Current Assets				
Gross Block	**46,592**	**67,092**	**82,092**	**97,092**
Tangibles	46,005	66,505	81,505	96,505
Intangibles	587	587	587	587
Acc: Dep / Amortization	**8,848**	**12,173**	**16,656**	**22,060**
Tangibles	8,848	12,173	16,656	22,060
Intangibles	-	-	-	-
Net Fixed Assets	**37,745**	**54,920**	**65,437**	**75,033**
Tangibles	37,158	54,332	64,850	74,445
Intangibles	587	587	587	587
Capital Work In Progress	7,308	11,302	14,125	16,976
Goodwill	1,705	1,705	1,705	1,705
Non-Current Investments	4,843	5,008	6,208	7,419
Net Deferred Tax Assets	(858)	(1,978)	(2,541)	(3,317)
Other Non-Current Assets	5,352	6,477	7,995	9,424
Current Assets				
Investments	-	7,638	9,443	11,196
Inventories	17,419	18,685	23,049	28,402
Trade Receivables	18,579	24,290	29,164	35,218
Cash & Bank Balance	5,841	6,482	13,029	28,874
Other Current Assets	7,125	8,866	10,645	12,440
Total Assets	**109,185**	**151,143**	**187,926**	**235,043**
Equity				
Equity Share Capital	181	181	181	181
Other Equity	62,591	87,232	118,689	157,035
Total Networth	**62,772**	**87,413**	**118,870**	**157,216**
Non-Current Liabilities				
Long Term Borrowings	8,204	8,704	9,204	9,704
Provisions	29	82	103	124
Other Non Current Liabilities	8,260	12,658	9,825	10,748
Current Liabilities				
ST Debt / Current of LT Debt	6,475	6,975	7,475	7,975
Trade Payables	9,170	14,574	17,405	19,881
Other Current Liabilities	8,844	13,725	17,006	20,250
Total Equity & Liabilities	**109,185**	**151,143**	**187,926**	**235,043**

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY26	FY27E	FY28E	FY29E
PBT	23,650	33,298	42,510	51,819
Add. Depreciation	2,509	3,325	4,483	5,404
Add. Interest	1,340	1,637	1,889	2,073
Less Financial Other Income	1,280	1,364	1,717	2,073
Add. Other	1,108	-	-	-
Op. Profit before WC Changes	28,606	38,260	48,881	59,297
Net Changes-WC	(15,773)	(450)	(13,118)	(11,688)
Direct Tax	(6,625)	(8,658)	(11,053)	(13,473)
Net Cash from Op. Activities	**6,209**	**29,153**	**24,711**	**34,136**
Capital Expenditures	(16,933)	(20,500)	(15,000)	(15,000)
Interest / Dividend Income	203	-	-	-
Others	5,092	(7,879)	(2,345)	(2,298)
Net Cash from Invt. Activities	**(11,638)**	**(28,379)**	**(17,345)**	**(17,298)**
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	4,898	1,000	1,000	1,000
Dividend Paid	(1,139)	-	-	-
Interest Paid	(1,469)	(1,637)	(1,889)	(2,073)
Others	(194)	-	-	-
Net Cash from Fin. Activities	**2,095**	**(637)**	**(889)**	**(1,073)**
Net Change in Cash	**(3,335)**	**137**	**6,477**	**15,765**
Free Cash Flow	(11,183)	8,653	9,711	19,136

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Net Revenues	**20,822**	**25,483**	**30,528**	**36,682**
YoY gr. (%)	*5.5*	*17.6*	*41.7*	*43.9*
Raw Material Expenses	9,879	12,413	15,215	18,572
Gross Profit	10,944	13,070	15,312	18,110
Margin (%)	*52.6*	*51.3*	*50.2*	*49.4*
EBITDA	**5,528**	**7,118**	**8,260**	**10,152**
YoY gr. (%)	*5.0*	*31.9*	*54.4*	*42.6*
Margin (%)	*26.5*	*27.9*	*27.1*	*27.7*
Depreciation / Depletion	606	629	714	797
EBIT	**4,922**	**6,489**	**7,546**	**9,354**
Margin (%)	*23.6*	*25.5*	*24.7*	*25.5*
Net Interest	309	344	413	413
Other Income	292	251	445	85
Profit before Tax	**4,905**	**6,396**	**7,578**	**9,027**
Margin (%)	*23.6*	*25.1*	*24.8*	*24.6*
Total Tax	1,281	1,694	2,030	2,451
Effective Tax Rate (%)	*26.1*	*26.5*	*26.8*	*27.2*
Profit After Tax	**3,624**	**4,703**	**5,548**	**6,576**
Minority Interest	165	203	84	138
Share Profit from Associate	(9)	(1)	13	88
Adjusted PAT	**3,450**	**4,498**	**5,476**	**6,525**
YoY gr. (%)	*9.6*	*39.6*	*61.7*	*45.1*
Margin (%)	*16.6*	*17.7*	*17.9*	*17.8*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**3,450**	**4,498**	**5,476**	**6,525**
YoY gr. (%)	*9.6*	*39.6*	*61.7*	*45.1*
Margin (%)	*16.6*	*17.7*	*17.9*	*17.8*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**3,450**	**4,498**	**5,476**	**6,525**
Avg. Shares O/s (mn)	90	90	90	90
EPS (INR)	**38.1**	**49.7**	**60.5**	**72.1**

Source: Company, PL

Key Financial Metrics

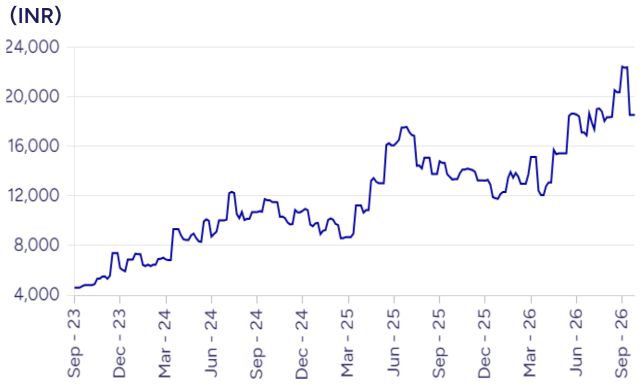
Y/e Mar	FY26	FY27E	FY28E	FY29E
Per Share (INR)				
EPS	185.7	263.5	336.3	409.6
CEPS	213.4	300.2	385.8	469.4
BVPS	693.7	966.0	1,313.6	1,737.4
FCF	(123.6)	95.6	107.3	211.5
DPS	-	-	-	-
Return Ratio (%)				
RoCE	32.5	33.5	32.6	31.1
ROIC	25.9	28.8	29.1	30.3
RoE	31.5	31.8	29.5	26.9
Balance Sheet				
Net Debt : Equity (x)	0.1	-	-	-
Net Working Capital (Days)	100	76	74	77
Valuation (x)				
PER	106.3	74.9	58.7	48.2
P/B	28.4	20.4	15.0	11.4
P/CEPS	92.5	65.7	51.1	42.0
EV/EBITDA	68.4	48.5	37.8	30.9
EV/Sales	18.3	13.1	10.4	8.5
Dividend Yield (%)	-	-	-	-
FCFF Yield (%)	-	0.5	0.5	1.1
PEG Ratio	2.7	1.8	2.1	2.2

Source: Company, PL

Notes

Notes

Price Chart



Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	ABB India	HOLD	6944	7285
2	Apar Industries	Accumulate	14720	13889
3	BEML	Accumulate	2011	1911
4	Bharat Electronics	Accumulate	452	407
5	BHEL	Reduce	368	435
6	Carborundum Universal	HOLD	1072	1121
7	Cummins India	HOLD	5323	5402
8	Elgi Equipments	Accumulate	638	610
9	Engineers India	BUY	294	244
10	GE Vernova T&D India	BUY	5928	4367
11	Grindwell Norton	Accumulate	2113	2018
12	Harsha Engineers International	Accumulate	462	410
13	Hindustan Aeronautics	BUY	5795	4995
14	Hitachi Energy India	HOLD	34026	32600
15	Ingersoll-Rand (India)	Accumulate	5029	4606
16	Kalpataru Projects International	Accumulate	1472	1348
17	KEC International	Accumulate	523	451
18	Kirloskar Pneumatic Company	BUY	861	694
19	Larsen & Toubro	BUY	4425	3832
20	Praj Industries	Buy	390	335
21	Siemens	HOLD	3831	4011
22	Siemens Energy India	BUY	3655	3122
23	Thermax	Reduce	3952	4306
24	Triveni Turbine	HOLD	615	600
25	Voltamp Transformers	Accumulate	11003	9950

PL's Recommendation Nomenclature (Absolute Performance)

BUY : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

ANALYST CERTIFICATION

Indian Clients

We/I Mr. Amit Anwani MBA (Finance), Mr. Hitesh Agarwal MBA Finance, Mr. Devansh Dedhia BCom Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

US Clients

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

Prabhudas Lilladher Pvt. Ltd.

Corporate Office: 6th Floor, Tower 2B South Annex, One World Centre, 841, Senapati Bapat Marg, Lower Parel, Mumbai - 400013

Registered Office: 3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018

Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com

AMNISH AGGARWAL

Digitally signed by AMNISH AGGARWAL
DN: c=IN, o=Personal, title=1443,
2.5.4.20=21151ea12dd366d1ac370cb4234
3ee44b6e851c37bdbac5f86aa4ff3e69484
87, postalCode=400015, st=Maharashtra,
serialNumber=7a6f13691881d5a8af63538
65a61b48b7040e72f4a1bf53182e368b3ca
14a5e4, cn=AMNISH AGGARWAL
Date: 2026.09.23 19:14:41 +05'30'

DISCLAIMER