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Financial Services

September 2026

Initiating Coverage | Sector: Defense

Solar Industries

Building scale, expanding global footprint

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Building scale, expanding global footprint

Solar Industries

BSE SENSEX	S&P CNX
74,295	23,218

SOLAR

Stock Info

Bloomberg	SOIL IN
Equity Shares (m)	90
M.Cap.(INRb)/(USDb)	1679 / 17.5
52-Week Range (INR)	22700 / 11641
1, 6, 12 Rel. Per (%)	-5/37/35
12M Avg Val (INR M)	2491

Financials Snapshot (INR b)

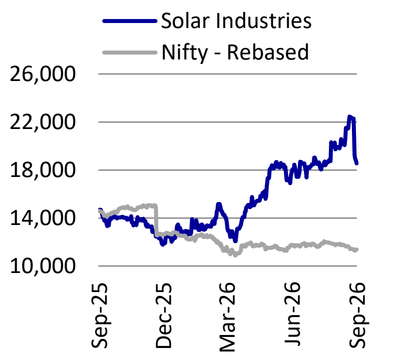
Y/E MARCH	FY27E	FY28E	FY29E
Net Sales	141.2	318.3	362.0
EBITDA	39.7	65.7	78.4
PAT	25.8	34.2	43.6
EPS (INR)	284.9	378.3	481.5
Gr. (%)	53.7	32.8	27.3
BV/Sh (INR)	969	1,337	1,808
Ratios			
ROE (%)	29.4	28.3	26.6
RoCE (%)	25.7	15.7	17.7
Payout (%)	3.5	2.6	2.1
Valuations			
P/E (X)	65.1	49.1	38.5
P/BV (X)	19.2	13.9	10.3
EV/EBITDA (X)	42.6	27.8	22.9
Div Yield (%)	0.1	0.1	0.1

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	73.2	73.2	73.2
DII	13.4	12.9	13.6
FII	6.4	6.6	6.8
Others	7.1	7.4	6.5

FII Includes depository receipts

Stock performance (one-year)



CMP: INR18,555 TP: INR23,000 (+24%) Buy

Building scale, expanding global footprint

Solar Industries (SOIL) is a leader in the domestic explosive market and has established a strong presence in international markets for industrial explosives. Its recent acquisition of Omnia Holdings bolsters its position in South Africa and neighboring markets and provides strong support for the backward integration of ammonium nitrate. SOIL has also transitioned from being a supplier of explosive materials to becoming an integrated defense manufacturer. The progression from high-melting explosives (HMX) to ammunition, rockets, and counter-drone systems reflects its deliberate strategy of moving up the defense value chain. Successful trials and commissioning of Nagastra, Rudrastra and Bhargavastra would further diversify the company's revenue stream beyond Pinaka and HMX. After the completion of the Omnia acquisition, we expect industrial explosives/defense mix of 78%/22% by FY29. We expect SOIL to deliver a CAGR of 43%/34% in consolidated revenue/PAT over FY26-30, with the industrial explosive segment's growth settling at mid-teens after FY28 and the defense segment sustaining a higher growth rate. We initiate coverage on SOIL with a BUY rating and a TP of INR23,000, based on a 50x P/E on Dec'28E EPS.

Key investment thesis

Leader in explosive market

SOIL is a market leader in India's commercial explosive industry with a volume market share of 26% in FY25, supported by a comprehensive portfolio of bulk explosives, packaged explosives, initiating systems, and blasting accessories. The company enjoys a strong wallet share of ~20-23% with Coal India and is also gaining wallet share with private miners. SOIL has already established a growing international footprint through exports and overseas manufacturing operations. It has recently acquired South Africa-based Omnia to further enhance its positioning in several international markets. We expect growth in SOIL's existing explosive segment (exc. Omnia) to be led by volume and strong pricing in FY27, followed by stable growth of 10-15% YoY.

Omnia acquisition to impact margins in near term

SOIL has announced the purchase of a 100% stake in Omnia Holdings for INR130b, to be funded by debt and internal accruals. Headquartered in Johannesburg, South Africa, Omnia is a chemicals and explosives manufacturing company with a presence in mining, agriculture and chemicals segments. In FY26, Omnia reported revenue of ~INR130b and EBITDA margin of 11.5%. The margin and return profile of Omnia is lower than that of SOIL. This acquisition will result in higher debt and lower return ratios for SOIL in the near term. However, the acquisition aims to create a more integrated global platform and enhance backward integration through ammonium nitrate facilities. Omnia's BME Mining business complements SOIL's existing product and service portfolio. We expect Omnia's revenue to grow from INR133b in FY26 to INR162b by FY30.

Increased portfolio of offerings in defense

Moving from the traditional business of HMX, TMT and RDX to warheads to rockets (Pinaka) and is now foraying into drones and UAV such as Nagastra and Rudrastra, and doing test trials of a counter-drone product (Bhargavastra).

SOIL has diversified from the traditional business of HMX, TMT and RDX to warheads to rockets (Pinaka) and is now foraying into drones and UAV such as Nagastra (already received orders for Nagastra) and Rudrastra and doing test trials of a counter-drone product (Bhargavastra). SOIL already makes ingenuous booster systems for the Brahmos missile and is expanding facilities for setting up capacity for 155mm ammunition. The company's defense order book and revenue have compounded at 148%/81% over FY22-26. As of Jun'26, the defense order book stood at INR180b, including international defense orders worth INR110b and a Pinaka order of INR60b.

Potential orders in defense

We expect the defense segment to continue to benefit from 1) additional Pinaka regiments, guided Pinaka, replenishment rockets and export demand, 2) future variants (Nagastra-2 and Nagastra-3), 3) orders for Bhargavastra after successful trials, 4) domestic and export orders for 155mm ammunition, and 5) 125kg air bomb for NATO and Russian aircraft. The company also plans to get into proximity fuze and high-performance UAVs, UAS, C-UAS for surveillance and defense against ariel threats. We expect defense segment order inflows to grow at 29% over FY26-30. SOIL has also signed an MoU with the government of Maharashtra to establish an Anchor Mega Defense and Aerospace project in Nagpur with a proposed investment of INR127b over the next 10 years.

Resilient supply chain network and backward integration

In backward integration, SOIL produces critical components such as emulsifiers, detonator shells, PETN, TNT and RDX in-house.

We believe SOIL's margin performance will be aided by increasing revenue from defense, resilient supply chain network and backward integration. The company has price escalation clauses in most contracts, and its shift toward defense and exports has been complemented by deep backward integration, with in-house manufacturing of most of the raw materials. The Omnia acquisition provides backward integration in ammonium nitrate too. In backward integration, SOIL produces critical components such as emulsifiers, detonator shells, PETN (Pentaerythritol Tetranitrate), TNT (Trinitrotoluene), and RDX (Research Department Explosive) in-house, and hence it has reduced dependency on external suppliers.

Financial outlook

We estimate a CAGR of 43%/36%/34% in overall revenue/EBITDA/PAT over FY26-30, baking in growth in explosives and defense and Omnia acquisition. Additional upside to revenue estimates can come from potential large-sized platform orders beyond the base orders in defense and synergies from the recent acquisition over time.

Valuation and recommendation

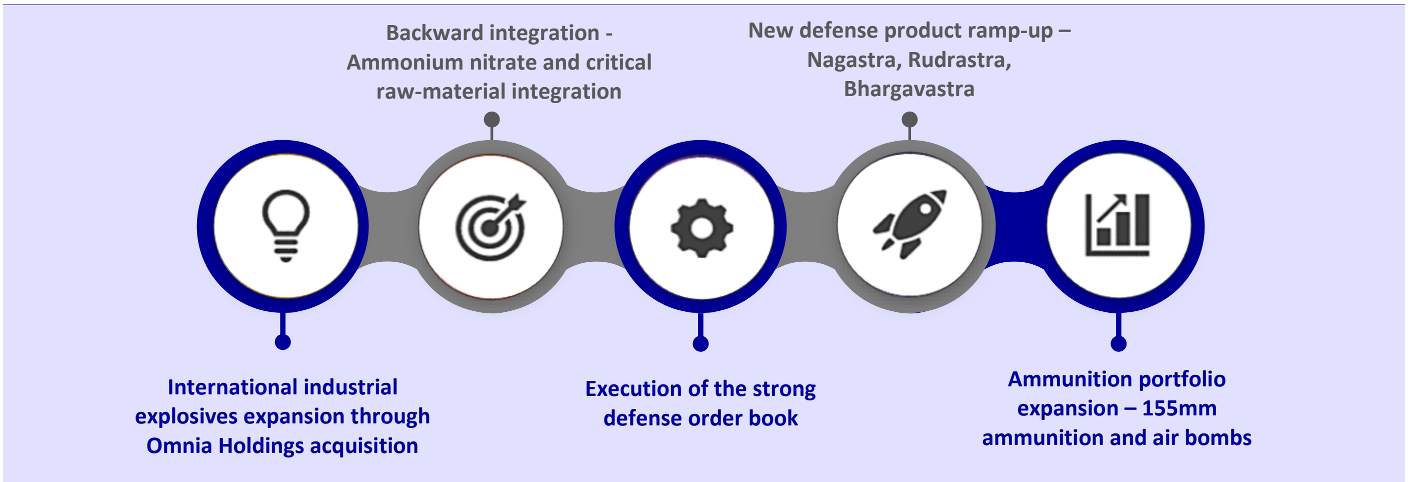
The stock is currently trading at 49.1x/38.5x P/E on FY28E/FY29E EPS. With revenue/ EBITDA/PAT CAGR of 43%/36%/34% over FY26-30E, we recommend BUY with a TP of INR23,000, based on 50x Dec'28 EPS. Going ahead, SOIL will focus on acquisition synergies, scale-up of Pinaka execution, follow-on orders for Nagastra, potential induction of Bhargavastra and Rudrastra, and growth in export defense orders.

Key risks and concerns

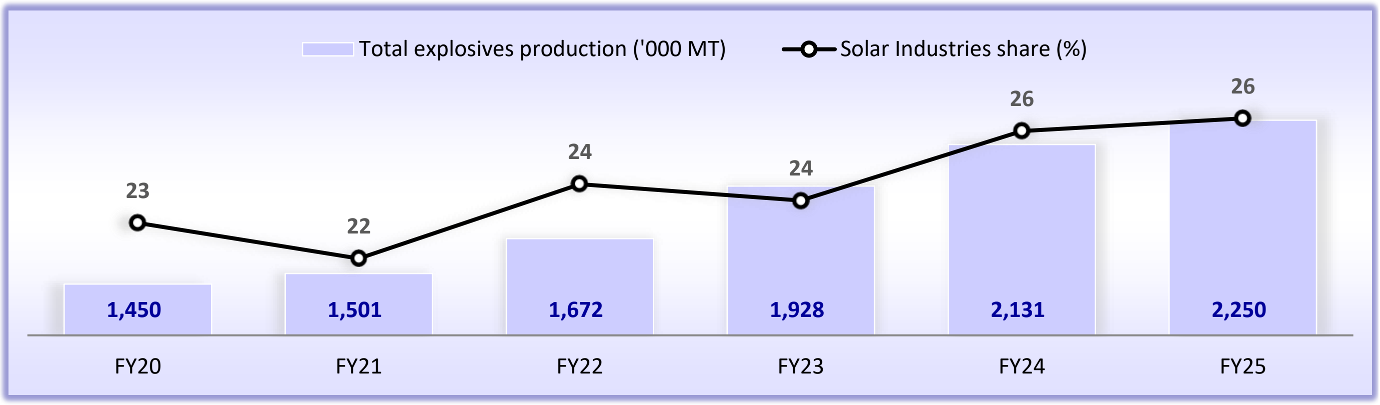
Key risks to our estimates and rating would emerge from delays in order inflows and in the finalization of a large platform order pipeline or country-specific risks due to high exposure to the African market. Poor performance of subsidiaries and sharp currency fluctuations can also impact overall margin performance.

STORY IN CHARTS

SOIL: Key growth drivers

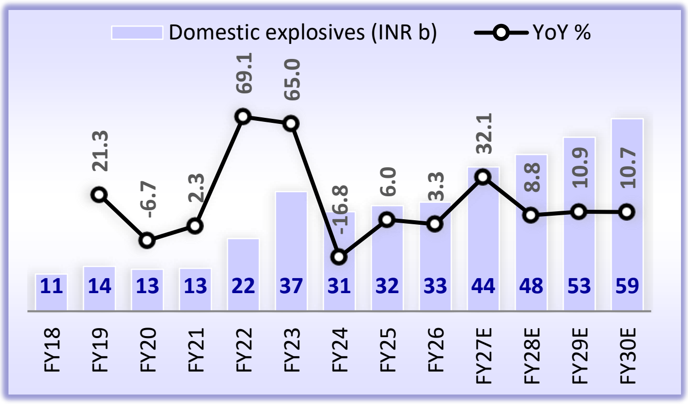


SOIL holds a market share of ~24-26% in domestic explosive market

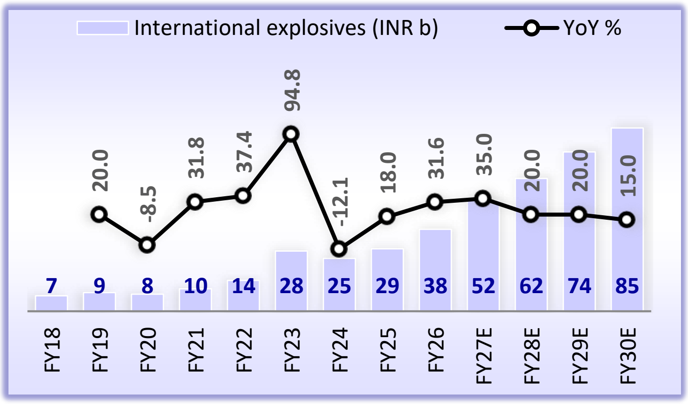


Source: Peso, Company, MOFSL

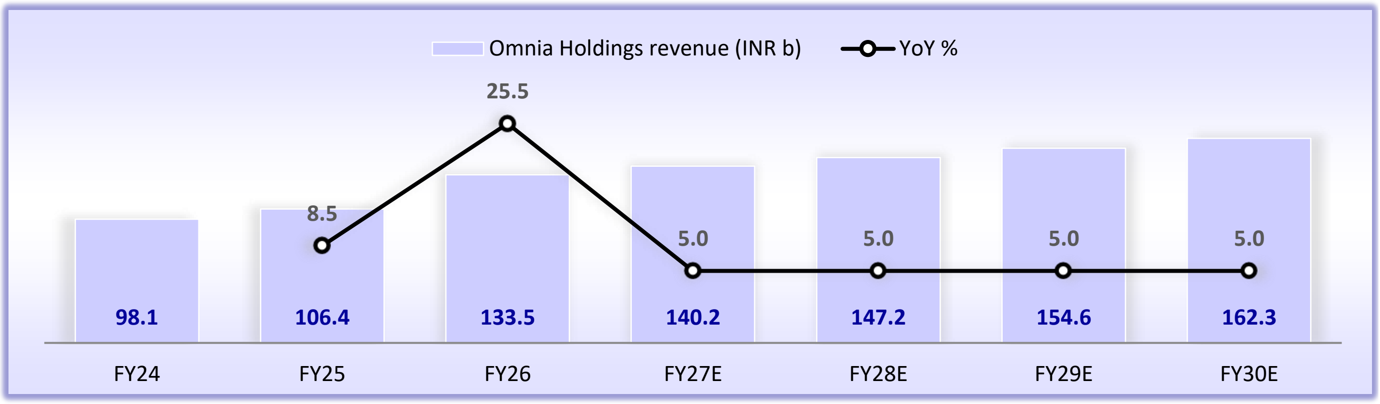
We expect 15% CAGR in domestic explosives revenue over FY26-30E



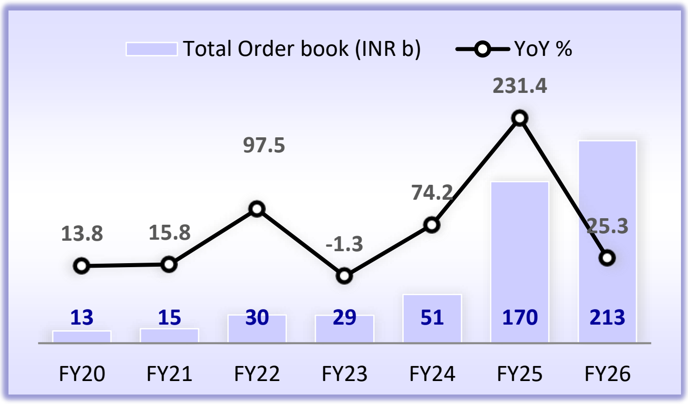
We expect 22% CAGR in international explosives revenue over FY26-30E



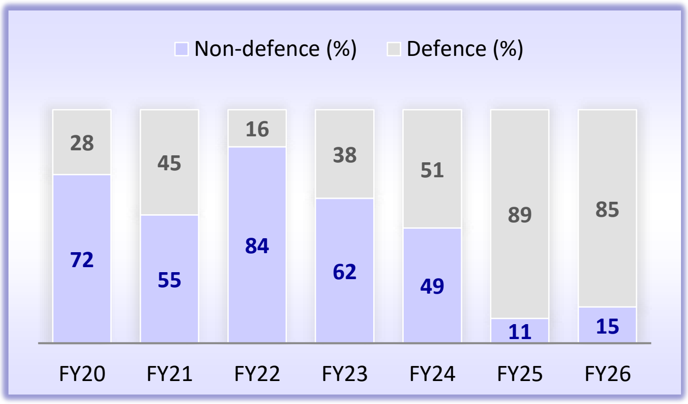
We expect Omnia Holdings' revenue to clock a moderate 5% CAGR over FY26-30E



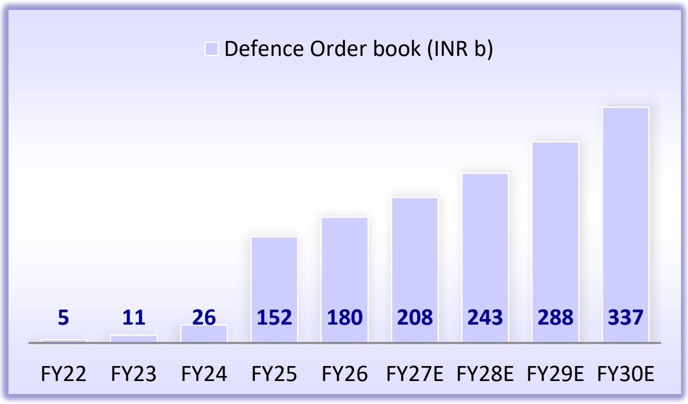
Order book grew at 63% CAGR over FY22-26…



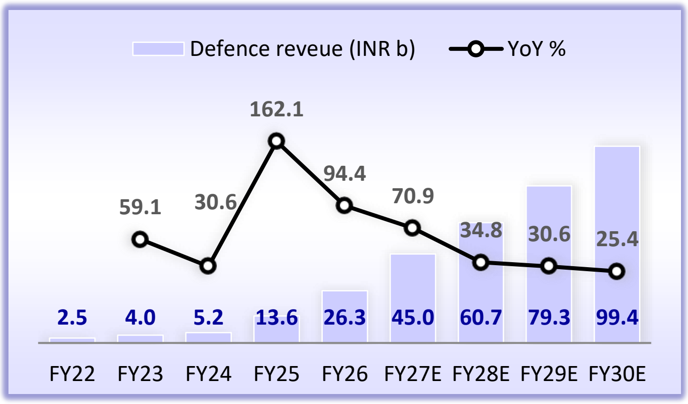
…supported by defense inflow ramp-up



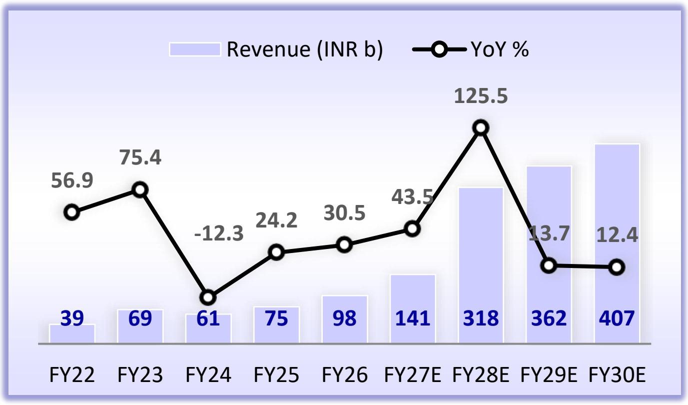
We expect 17% CAGR in defense order book over FY26-30E



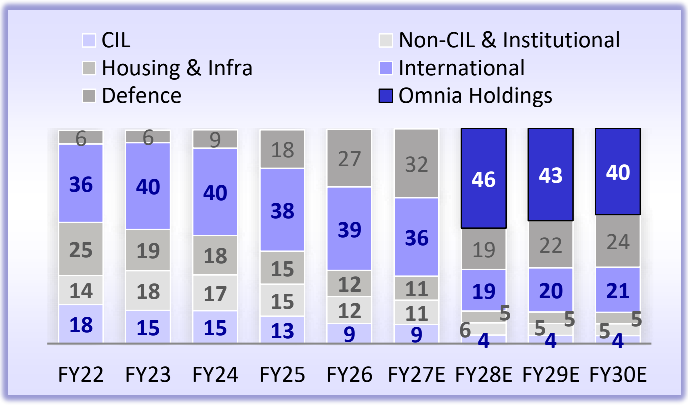
We expect 39% CAGR in defense revenue over FY26-30E



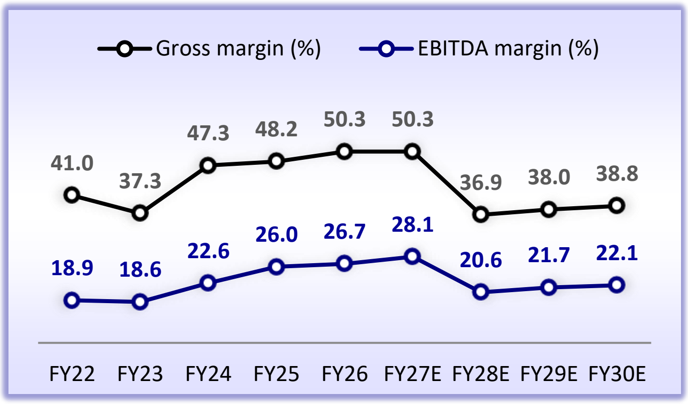
We expect overall revenue to clock 43% CAGR over FY26-30E mainly due to acquisition



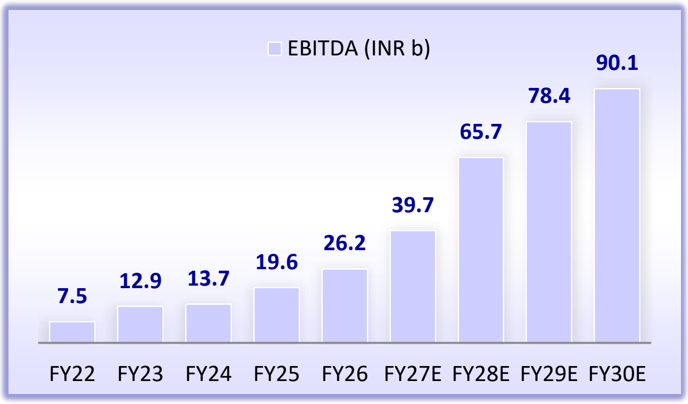
Revenue growth to be boosted by acquisition, defense segment and exports going forward



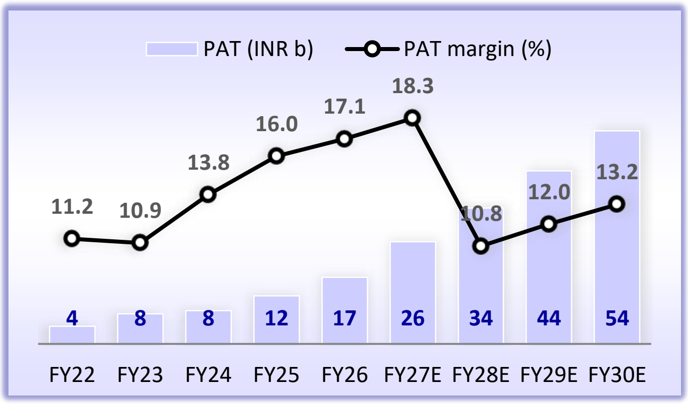
We expect EBITDA margin to contract in FY28 on consolidation of low-margin Omnia's financials



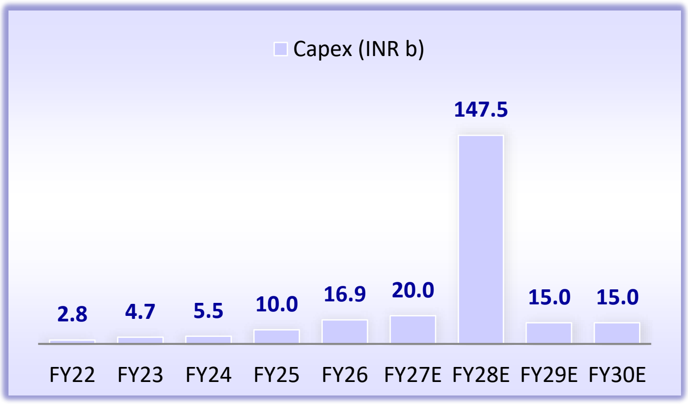
We expect overall EBITDA to clock a CAGR of 36% over FY26-30E



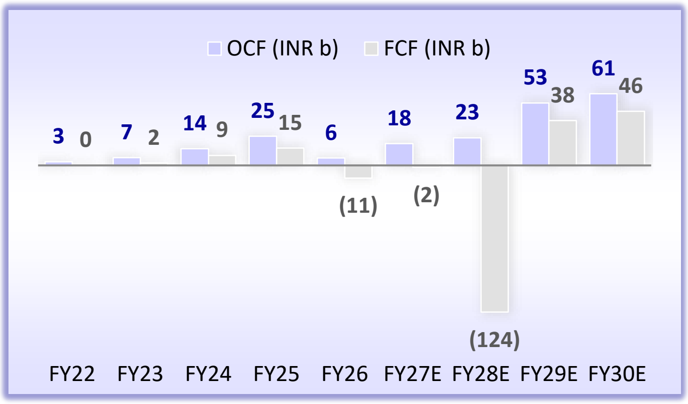
We expect the company's PAT to clock 34% CAGR over FY26-30E



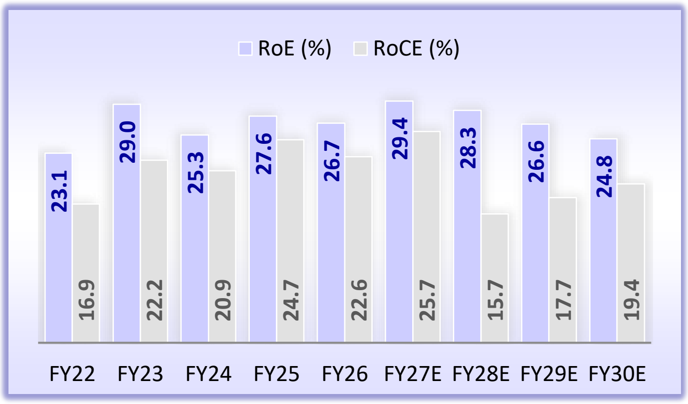
Core capex is expected to remain high for new product development and backward integration



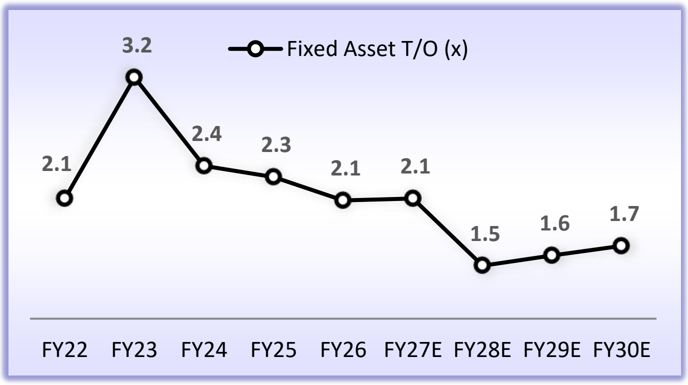
We expect OCF/FCF to remain healthy, barring in FY28 when SOIL will incur high capex due to acquisition



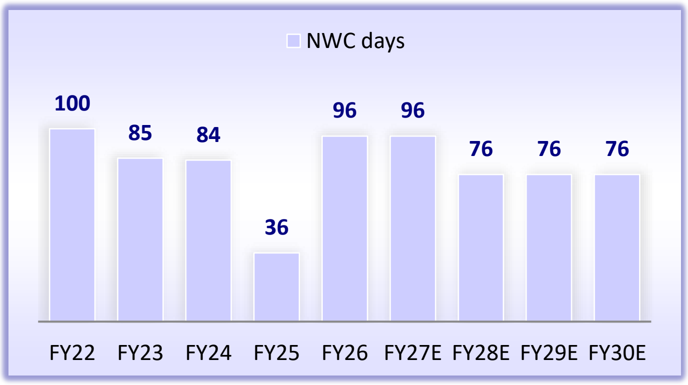
We expect return ratios to decline mainly due to acquisition of Omnia



Fixed asset turnover ratio to decline due to consolidation



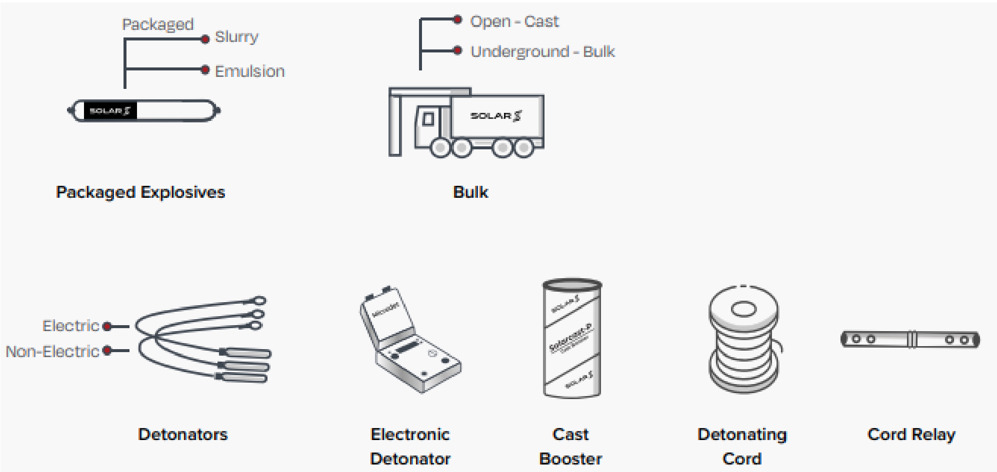
We expect NWC to remain at healthy levels



Industrial explosives: Key demand drivers

SOIL is the market leader in India's commercial explosives industry, supported by a comprehensive portfolio of bulk explosives, packaged explosives, initiating systems, and blasting accessories that serve the mining, infrastructure, and construction sectors. The company enjoys a strong wallet share of ~20-23% with Coal India, reflecting its long-standing customer relationships, and is also increasing share with private miners. Beyond its dominant domestic presence, SOIL has established its international footprint through exports and overseas manufacturing operations, enabling it to serve customers across multiple geographies. Recently, the company has signed definitive agreements to acquire 100% of Omnia Holdings, a chemicals and explosives manufacturing company, for INR130b.

Exhibit 1: Key products in industrial explosives



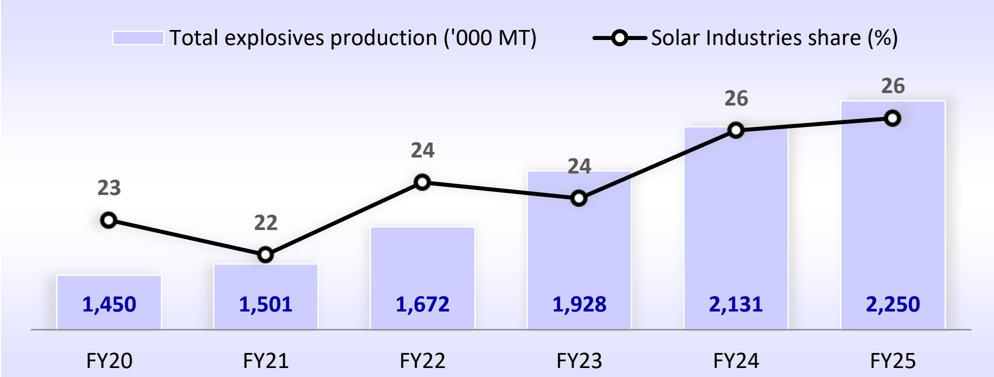
Source: Company

Market leadership in domestic industrial explosives

SOIL is India's largest manufacturer of industrial explosives, with a 26% share of the domestic explosives market.

SOIL is India's largest manufacturer of industrial explosives, with a 26% share of the domestic explosives market, making it the market leader across packaged explosives, bulk explosives and initiating systems used in mining and infrastructure. Its customer base includes Coal India and its subsidiaries, Singareni Collieries, NMDC, Hindustan Zinc, Vedanta and several leading infrastructure companies. SOIL has also built significant backward integration across detonators, initiating systems and other energetic materials, strengthening supply chain, cost competitiveness and margins.

Exhibit 2: SOIL holds a market share of ~24-26% in domestic explosives market



Source: Pesos, Company, MOFSL

Following the acquisition of Omnia, SOIL will have ~84 manufacturing facilities (SOIL's 40 and Omnia's 44) across multiple regions, while its distribution footprint will expand from 90 countries to 110 countries.

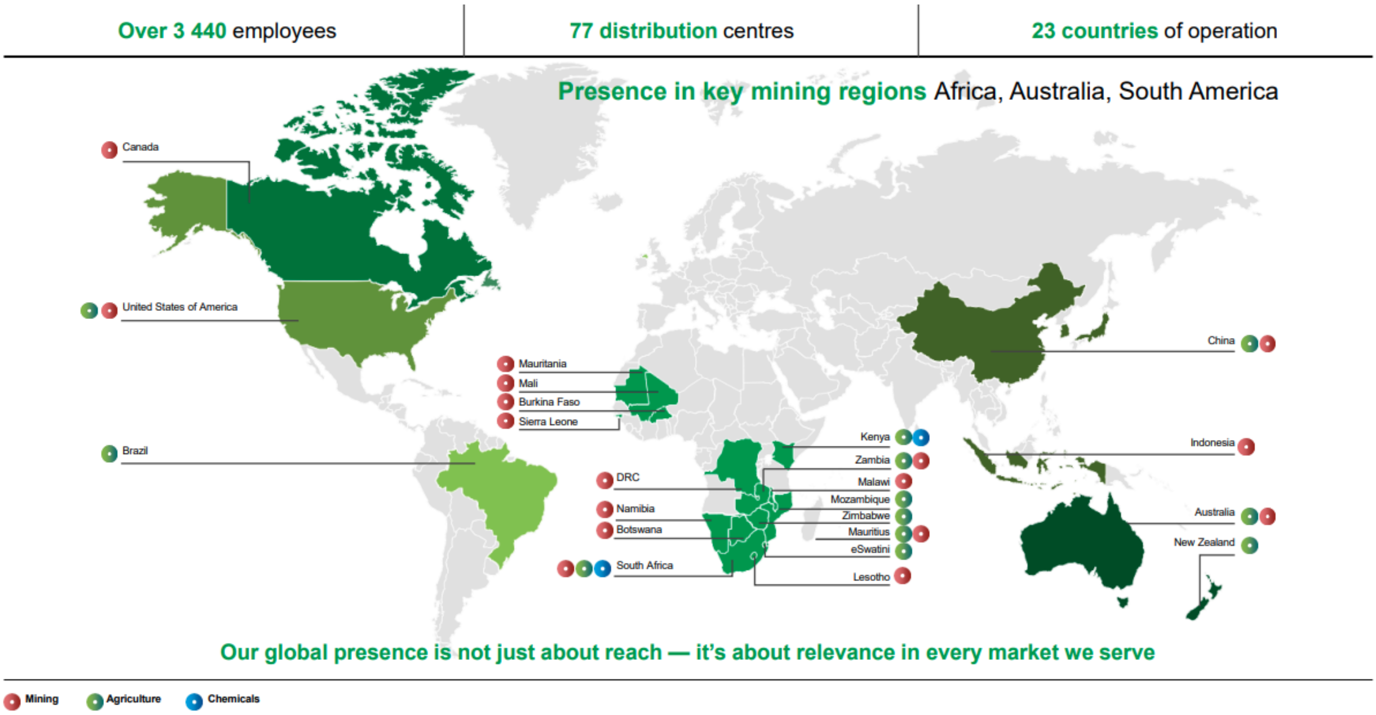
Expanding its base across geographies

SOIL has built one of the largest global manufacturing networks among explosives companies. Following the acquisition of Omnia, SOIL will have ~84 manufacturing facilities (SOIL's 40 and Omnia's 44) across multiple regions and its distribution footprint will expand from 90 countries to 110 countries, leveraging Omnia's 77 global distribution centers and its presence in 23 countries. Rather than relying solely on exports from India, SOIL follows a localization strategy by establishing manufacturing facilities close to mining regions, improving customer responsiveness while reducing logistics costs and regulatory complexities. Existing operations in South Africa, Turkey, Ghana, Nigeria, Tanzania and Zambia have matured into profitable businesses, while expansion into Sierra Leone, Indonesia, Australia, Kazakhstan, Saudi Arabia and the Middle East is expected to further strengthen its international presence. Post completion of acquisition of Omnia holdings, the company's revenue from South Africa is likely to rise from USD300m presently to USD1b over the next 3-4 years. As these facilities scale up, revenue contribution of overseas operations is likely to contribute an increasing share of consolidated revenues.

Exhibit 3: Global presence of SOIL

Source: Company

Exhibit 4: Omnia Holdings has 44 manufacturing facilities across regions



Source: Company

We expect the industrial explosives market to grow at around ~12-15% CAGR over the medium term.

Mining and infrastructure demand providing stable base business

SOIL's industrial explosives business continues to provide a stable foundation, supported by structural growth in mining and infrastructure activities. Demand is expected to remain healthy, driven by Coal India's production expansion, increasing overburden removal, commercial coal mining, metal mining, limestone extraction for cement, quarrying and large infrastructure projects including highways, railways, tunnels, irrigation works and metro construction. We expect the industrial explosives market to grow at around ~12-15% CAGR over the medium term, supported by rising mining intensity and infrastructure investments. Although FY26 witnessed temporary disruptions due to an early monsoon and lower mining activity, demand is normalizing with higher coal production and power generation, supporting sustained growth in the core explosives business.

Due to the steep increase in ammonium nitrate prices, realization for explosives has surged, resulting in pricing growth and volume boost for both domestic and international explosive segments. We expect these prices to moderate from FY28 onward.

Acquisition of Omnia holdings to expand presence in several countries

Omnia holdings is a global, diversified group with complementary chemical and specialized service businesses, providing an extensive range of innovative products, solutions and services to the agriculture, mining, and chemicals sectors. Omnia has a large state-of-the-art ammonium nitrate manufacturing facility and significant electrolysis capacity, complementing SOIL's existing capabilities. It recently commissioned a 5,000-ton ammonium nitrate storage tank, doubling its storage capacity. In-house ammonium nitrate manufacturing and storage should improve security of supply, raw-material availability, operational flexibility and long-term cost competitiveness across the explosives value chain.

Key segments of Omnia holdings:

Mining segment offers bulk emulsions, packaged explosives, initiating systems, digital blast monitoring, etc.

- **Mining:** The Mining segment operates through BME Blasting Solutions and BME Metallurgy, offering bulk emulsions, packaged explosives, initiating systems, digital blast monitoring, mining process chemicals and metallurgical processing solutions. The business expanded its manufacturing footprint with all initiating-systems plants commissioned in Canada and an AXXIS™ electronic detonator assembly plant commissioned in Western Australia. Its key operating markets are SADC, West Africa, Indonesia, Canada and Australia.

Agri segment manufactures ammonia-based products, granular fertilizers, liquid fertilizers, speciality fertilizers, and agri-biostimulants.

- **Agriculture:** Omnia's agriculture segment manufactures ammonia-based products, granular fertilizers, liquid fertilizers, speciality fertilizers, as well as agri-biostimulants, and cater to a diverse clientele comprising commercial and small-scale producers, cooperatives, and wholesalers worldwide. This extensive reach includes regions such as Australia, China, Brazil, the United States, Kenya, Zambia, Zimbabwe, India, and South Africa.

Chemicals segment manufactures and distributes specialty, functional and effect chemicals, polymers and bulk chemicals.

- **Chemicals:** The segment, through Protea Chemicals, manufactures and distributes specialty, functional and effect chemicals, polymers and bulk chemicals, with solutions for 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 Omnia is scaling up its bulk chemical trading activities.

Exhibit 5: Revenue of Omnia grew at a CAGR of 4% over FY24-26 (ZAR m)

ZAR m	FY24	FY25	FY26
Net Revenue			
Agriculture RSA	8,823	8,715	9,438
YoY %		*-1.2*	*8.3*
Agriculture Rest of Africa	2,438	2,208	2,960
YoY %		*-9.4*	*34.1*
Agriculture International	557	618	655
YoY %		*11.0*	*6.0*
Total Agriculture	**11,818**	**11,541**	**13,053**
YoY %		*-2.3*	*13.1*
Mining RSA	3,860	4,009	4,402
YoY %		*3.9*	*9.8*
Mining International	4,429	5,112	5,414
YoY %		*15.4*	*5.9*
Total Mining	**8,289**	**9,121**	**9,816**
YoY %		*10.0*	*7.6*
Chemicals	2,112	2,156	1,331
YoY %		*2.1*	*-38.3*
Total Chemicals	**2,112**	**2,156**	**1,331**
YoY %		*2.1*	*-38.3*
Total	**22,219**	**22,818**	**24,200**
YoY %		*2.7*	*6.1*

Source: Company, MOFSL

Exhibit 6: Segmental EBITDA of Omnia over last three years (ZAR m)

EBITDA	FY24	FY25	FY26
Agriculture RSA	1,014	1,218	1,185
Margin %	*11.5*	*14.0*	*12.6*
Agriculture Rest of Africa	155	-39	314
Margin %	*6.4*	*-1.8*	*10.6*
Agriculture International	137	166	158
Margin %	*24.6*	*26.9*	*24.1*
Total Agriculture	**1,306**	**1,345**	**1,657**
Margin %	*11.1*	*11.7*	*12.7*
Mining RSA	536	582	624
Margin %	*13.9*	*14.5*	*14.2*
Mining International	629	722	690
Margin %	*14.2*	*14.1*	*12.7*
Total Mining	**1,165**	**1,304**	**1,314**
Margin %	*14.1*	*14.3*	*13.4*
Chemicals	54	-104	12
Margin %	*2.6*	*-4.8*	*0.9*
Total Chemicals	**54**	**-104**	**12**
Margin %	*2.6*	*-4.8*	*0.9*
Intersegmental	**-217**	**-243**	**-208**
Total	**2,308**	**2,302**	**2,775**
Margin %	*10.4*	*10.1*	*11.5*

Source: Company, MOFSL

Acquisition rationale and strategic fit

The acquisition aims to create a more integrated global platform for commercial explosives, blasting and mining solutions

- SOIL has signed definitive agreements to acquire 100% of Omnia Holdings for INR130b, subject to shareholder, regulatory and other customary approvals.
- The acquisition aims to create a more integrated global platform for commercial explosives, blasting and mining solutions, strengthening SOIL's scale, market access and competitive positioning across Africa and other international markets.
- Omnia's BME Mining business brings capabilities in opencast mining, bulk explosives, electronic initiation systems, digital blasting and down-the-hole services, complementing SOIL's existing product and service portfolio.
- SOIL expects the benefits of the expanded footprint, manufacturing base, customer access and integration to become increasingly visible from FY28.

Funding and leverage

The acquisition will be funded through debt and internal accruals, with no equity dilution planned at either the parent or subsidiary level.

- The acquisition will be funded through debt and internal accruals, with no equity dilution planned at either the parent or subsidiary level.
- Management intends to utilize Omnia's existing cash surplus and raise debt at the Omnia level, with any funding shortfall arranged by the acquiring entity.
- Including acquisition debt and regular debt, consolidated debt could be ~INR100-110b by FY28E.
- Management expects the net debt-to-EBITDA ratio to remain below 2x, supported by strong cash generation.
- SOIL intends to continue its defense capex program while funding the acquisition.

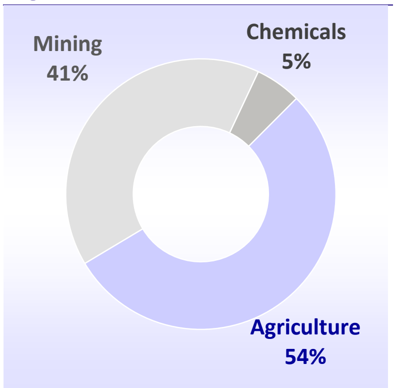
Backward integration and supply chain

Omnia recently commissioned a 5,000-ton ammonium nitrate storage tank, doubling its storage capacity.

- Omnia has a large state-of-the-art ammonium nitrate manufacturing facility and significant electrolysis capacity, complementing SOIL's existing capabilities.
- Omnia recently commissioned a 5,000-ton ammonium nitrate storage tank, doubling its storage capacity.

- In-house ammonium nitrate manufacturing and storage should improve security of supply, raw-material availability, operational flexibility and long-term cost competitiveness across the explosives value chain.
- Integration of Omnia's ammonium nitrate capabilities with SOIL's initiation systems and ProBlast down-the-hole services should create significant synergies.

Revenue breakup of Omnia across segments – FY26

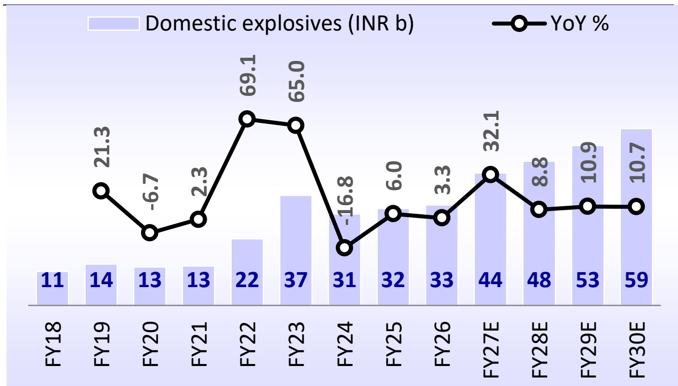


Global footprint and exports

- SOIL's distribution presence is expected to increase from 90 countries to 110+ countries.
- Manufacturing presence is expected to expand from 11 countries to 25+ countries.
- Omnia's presence in Canada, Australia, Indonesia and the US provides SOIL with established distribution and market access rather than requiring a fresh entry into these geographies.
- Management highlighted that establishing a new geography typically takes 4-5 years, making Omnia's existing footprint strategically valuable.
- The expanded network should support higher exports from India to Africa and other global markets.

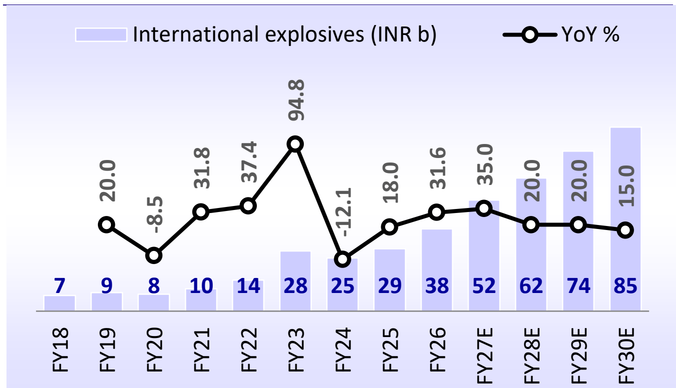
We thus expect overall explosive segment revenue (including Omnia financials from FY28) to clock 60% CAGR over FY26-30.

Exhibit 7: We expect domestic explosive revenue to clock a 15% CAGR over FY26-30



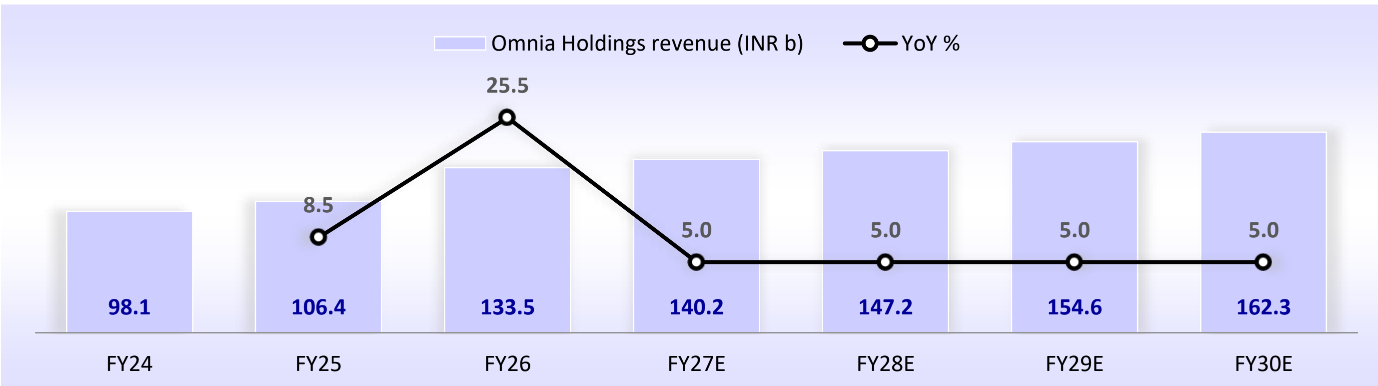
Source: Company, MOFSL

Exhibit 8: We expect international explosive revenue to post a 22% CAGR over FY26-30



Source: Company, MOFSL

Exhibit 9: We expect Omnia revenue to expand at 5% CAGR over FY26-30E. Omnia is expected to be consolidated with SOIL financials FY28 onwards



Source: Company, MOFSL; Note: FY26 growth seems optically elevated on account of rupee depreciation

Increasing offerings and regional presence through subsidiaries

Overseas subsidiaries are intended to build presence in the industrial explosives' ecosystem, while SOIL's defense products are primarily developed and manufactured in India.

Over the years, SOIL has expanded its base across domestic and export markets through acquisitions and the incorporation of new subsidiaries. As on date, the company has nine subsidiaries, which have been acquired, while the company, either directly or through subsidiaries, has incorporated ~26 subsidiaries spread out across Africa, Asia, Europe and Australia. Overseas subsidiaries are intended to build presence in the industrial explosives' ecosystem, while SOIL's defense products, including ammunition, rockets, UAVs and warheads, are primarily developed and manufactured in India through entities such as Solar Defence, Solar Defence Systems and Solar Avionics, with exports made directly from India rather than via foreign subsidiaries. All the regions have been strategically selected by the company, as they have significant mining industries requiring commercial explosives and blasting services.

Exhibit 10: Key end-markets where SOIL has established its presence

Target sector	Key international subsidiaries	End markets
Mining (largest focus)	❖ Solar Mining Services (South Africa, Australia, Indonesia, Côte d'Ivoire, Burkina Faso, Albania), Power Blast LLP (Kazakhstan)	❖ Coal, iron ore, copper, gold, limestone and other metal mining
Quarrying & Aggregates	❖ Solar Mining Services entities, Solar Nitro subsidiaries	❖ Cement limestone quarries, stone aggregates, construction materials
Infrastructure & Construction	❖ Solar Nitro Ghana, Solar Nitro Zimbabwe, Solar Explochem Zambia, Solar Nitro Kazakhstan	❖ Roads, tunnels, dams, railways, hydro projects requiring blasting
Oil & Gas / Seismic Explosives	❖ Select African subsidiaries	❖ Seismic exploration and specialized blasting applications (limited exposure)
Commercial Explosives Manufacturing	❖ Nigachem Nigeria, Solar Explochem Zambia, Solar Patlayici (Turkey)	❖ Manufacture and sale of bulk explosives, packaged explosives, detonators and initiating systems
Drilling & Blasting Services	❖ Most Solar Mining Services subsidiaries	❖ Complete blast design, charging and blasting contracts rather than only product sales

Source: Company, MOFSL

Exhibit 11: Top 10 subsidiaries contribute nearly ~66%/40% to consolidated revenue/PAT as of FY26

Subsidiary Name	FY24 (INR m)				FY25 (INR m)				FY26 (INR m)			
	Sales	% of total	PAT	% of total	Sales	% of total	PAT	% of total	Sales	% of total	PAT	% of total
Solar Defence and Aerospace Ltd	9,083	15	1,566	18	11,403	15	1,958	15	15,773	16	3,491	20
Solar Mining Services Pty Ltd (South Africa)	3,035	5	-401	-5	3,895	5	243	2	10,831	11	832	4
Solar Patlayici Maddeler San. Ve Tic. A.S.	7,533	12	290	3	7,522	10	422	3	9,840	10	-27	0
Problast BS (Pty) Ltd	-	0	-	0	3,089	4	234	2	5,314	5	395	1
Solar Nigachem Ltd	5,199	9	238	3	3,772	5	418	3	4,603	5	359	2
Emul Tek Pvt Ltd	1,874	3	132	2	2,964	4	127	1	4,516	5	121	1
Solar Nitro Ghana Ltd	967	2	41	0	2,252	3	333	3	4,128	4	827	5
Solar Explochem Zambia Ltd	2,712	4	651	7	3,136	4	1,058	8	3,737	4	126	1
Solar Overseas Mauritius Ltd	2,121	3	410	5	2,097	3	354	3	3,510	4	447	2
Solar Nitro Chemicals Ltd	1,020	2	78	1	1,505	2	242	2	2,295	2	413	2
Top 10 total	**33,543**	**55**	**3,004**	**34**	**41,632**	**55**	**5,390**	**42**	**64,547**	**66**	**6,984**	**40**

Source: Company, MOFSL

Exhibit 12: All subsidiaries of SOIL and their profile

Subsidiary name	Country / Region	Date incorporated / acquired	Incorporated or acquired	% stake	Defense / Non-Defense	What the subsidiary does
Wholly-owned subsidiaries (Indian)						
Solar Defence and Aerospace Ltd (formerly Economic Explosives Ltd)	India	16-Aug-95	Acquired	100	Both	Manufactures military explosives, rockets, warheads, ammunition, pyrotechnics, UAVs, loitering munitions, and also industrial explosives and initiating systems.
Emul Tek Pvt Ltd	India	01-Apr-15	Incorporated	100	Non-Defense	Manufactures bulk explosives, packaged explosives, emulsion matrix and related mining explosive products.
Solar Avionics Ltd	India	16-Nov-20	Incorporated	100	Defense	Develops avionics, guidance & navigation systems, electronic subsystems, UAV electronics and aerospace technologies.
Solar Defence Ltd	India	10-Mar-16	Incorporated	100	Defense	Manufactures military explosives, ammunition, bombs, rockets, missile subsystems and other defense products.
Solar Defence Systems Ltd	India	21-Mar-16	Incorporated	100	Defense	Develops defense systems, weapon platforms and integrated military solutions (currently at an early stage of operations).
Solar Explochem Ltd	India	29-Apr-22	Incorporated	100	Non-Defense	Manufactures industrial explosives, initiating systems, detonators and mining chemicals.
Solar Aerospace Ltd	India	10-Jun-24	Incorporated	100	Defense	Focused on aerospace and defense technologies including missiles, UAVs, aerospace structures, etc.
Wholly-owned subsidiaries (overseas)						
Solar Overseas Mauritius Ltd	Mauritius	21-Aug-09	Incorporated	100	Holding Co.	Holding company for international mining and defense.
Step down subsidiaries						
Solar Overseas Singapore Pte Ltd	Singapore	16-Nov-09	Incorporated	100	Holding Co.	Regional holding company.
Solar Overseas Netherlands Cooperatie U.A.	Netherlands	02-Oct-09	Incorporated	100	Holding Co.	Holding company for European and African investments.
Solar Overseas Netherlands B.V.	Netherlands	05-Jan-11	Incorporated	100	Holding Co.	Intermediate holding company for overseas subsidiaries.
Solar Industries Africa Ltd	Mauritius	04-Jun-14	Incorporated	100	Non-Defense	Investment company for African industrial explosives and mining businesses.
Solar Explochem Zambia Ltd	Zambia	29-Jul-09	Incorporated	65	Non-Defense	Industrial explosives and blasting accessories for mining.
Solar Nigachem Ltd (formerly Nigachem Nigeria Ltd)	Nigeria	15-Aug-06	Acquired	55	Non-Defense	Industrial explosives, detonators and blasting services for mining and infrastructure.
Solar Patlayici Maddeler San. Ve Tic. A.S.	Turkey	05-Jun-07	Acquired	100	Non-Defense	Industrial explosives and blasting services in Turkey.
Solar Mining Services Pty Ltd (South Africa)	South Africa	09-Feb-15	Incorporated	96.42	Non-Defense	Blasting services, explosive supply and mine technical services.
PT Solar Mining Services	Indonesia	28-Feb-08	Incorporated	100	Non-Defense	Industrial explosives and provides blasting solutions.
Solar Mining Services Pty Ltd	Australia	16-Feb-10	Incorporated	100	Non-Defense	Mine blasting services, explosive products.
Solar Nitro Zimbabwe Pvt Ltd	Zimbabwe	10-Oct-18	Incorporated	100	Non-Defense	Industrial explosives and blasting accessories.
Solar Mining Services Cote d'Ivoire Ltd	Ivory Coast	04-Nov-19	Incorporated	100	Non-Defense	Provides blasting services and mining explosives.
Solar Nitro Chemicals Ltd	Tanzania	09-Jan-08	Incorporated	65	Non-Defense	Manufactures industrial explosives and blasting chemicals.
Solar Nitro Ghana Ltd	Ghana	22-Dec-17	Incorporated	90	Non-Defense	Industrial explosives and blasting solutions.
Solar Madencilik Hizmetleri A.S.	Turkey	25-Jan-18	Incorporated	100	Non-Defense	Provides drilling, blasting and mine technical services.
Solar Mining Services Burkina Faso	Burkina Faso	06-Apr-21	Incorporated	100	Non-Defense	Provides mining explosives and blasting services.
Solar Mining Services Albania	Albania	22-Apr-21	Incorporated	100	Non-Defense	Provides industrial explosives and mine blasting services.
Solar Venture Company Ltd	Tanzania	26-Aug-16	Incorporated	75	Non-Defense	Mining services company supporting explosives business.
Solar Nitro SARL	Ivory Coast	05-Dec-22	Incorporated	85	Non-Defense	Industrial explosives manufacturing and distribution.
Solar Nitro (SL) Ltd	Sierra Leone	07-Nov-23	Incorporated	100	Non-Defense	Manufactures and supplies industrial explosives for mining.
Solar Nitro Kazakhstan Ltd	Kazakhstan	05-May-23	Incorporated	88.66	Non-Defense	Industrial explosives manufacturing and blasting services.
Power Blast LLP	Kazakhstan	01-Oct-23	Acquired	88.66	Non-Defense	Commercial blasting contractor and mining service provider.
Maxigear (Pty) Ltd	South Africa	01-Jul-24	Acquired	100	Non-Defense	Mining support services, equipment and related solutions (part of Problast Group).
Frag Shared Services (Pty) Ltd	South Africa	01-Jul-24	Acquired	100	Non-Defense	Shared services and operational support for the Problast mining group.
Procapture (Pty) Ltd	South Africa	01-Jul-24	Acquired	100	Non-Defense	Digital blast measurement, fragmentation analysis and mining technology solutions.
Problast BS (Pty) Ltd	South Africa	01-Jul-24	Acquired	73.99	Non-Defense	Commercial blasting contractor and mining services company.
Problast BBBEE Investment Co. (Pty) Ltd	South Africa	01-Jul-24	Acquired	49	Non-Defense	Investment/holding entity within the Problast Group.

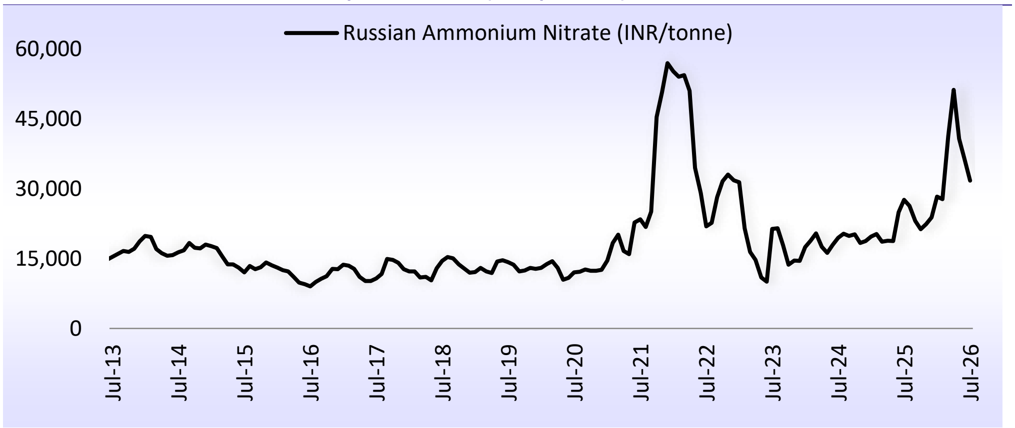
Source: Company, MOFSL

Ammonium nitrate prices have moved up

Ammonium nitrate accounts for ~65% of total raw-material costs for SOIL.

Ammonium nitrate is a major raw material for SOIL, accounting for ~65% of total raw material costs. Its price fluctuations are largely passed on to customers through contractual price-escalation clauses, typically with a lag of a quarter. This resulted in higher realization during the FY22-FY23 price uptrend, while the subsequent decline in ammonium nitrate prices was also reflected in realization in later years. Recently too, ammonium nitrate prices have moved up sharply, reflecting in higher realizations for both domestic and international explosives.

Exhibit 13: Ammonium nitrate price trends (INR per ton)



Source: Company, MOFSL

Defense segment: Key growth drivers

SOIL has transitioned from being a supplier of explosive materials to becoming an integrated defense manufacturer.

SOIL has transitioned from being a supplier of explosive materials to becoming an integrated defense manufacturer. The progression from HMX to ammunition, then rockets, and now autonomous and counter-drone systems reflects a deliberate strategy to move up the defense value chain. Successful trials and commissioning of Nagastra, Rudrastra and Bhargavastra could further diversify its revenue stream beyond Pinaka and ammunition. We expect defense segment order inflows/revenue to post 29%/39% CAGR over FY26-30E, which would be supported by SOIL's ongoing capex.

The company offers key defense products, such as 1) HMX, TNT and RDX, 2) composite propellants for Akash, Pinaka and Brahmos and the integration of Pinaka rockets, 3) drones, 4) anti drones, and 5) ammunition (30mm, 81mm ATAL, 155mm, Multi-mode hand Grenade, Mines, Bombs, Warheads and Bund Blasting device).

Updates on key projects

- **Indigenous 125kg air bomb**: The company has cleared the trials for 125kg Air Bomb, which complies with NATO-standard MK-81 and is engineered for compatibility with both Russian and Western aircraft platforms. This paved way for induction into active service by late 2026.
- **Pinaka long-range guided rocket (LRGR):** DRDO conducted a successful flight-test of Pinaka LRGR on 8th Jul'26 with a minimum range of 60km. Orders for the next variants are expected to come in the next 6-8 months.
- **Nagastra:** SOIL is developing Nagastra-2 and Nagastra-3 for specialized applications, is expecting repeat orders for Nagastra-1, and is expanding into higher-altitude, longer-endurance UAVs. Nagastra-3 is being developed as a prototype for the medium-range precision kill system (MRPKS).
- **Bhargavastra:** All the internal trials for Bhargavastra counter-drone are completed, with government approvals expected by Oct'26 and roll-out to the Indian Army expected to begin from Dec'26 onward.
- **155mm ammunition:** A 30mm ammunition facility was inaugurated in Jan'26 and for 155mm ammunition coupling facility for producing complete 155mm product will take few more quarters to finish and company is already in the last stages of complete trials for this.

High-energy materials (HMX, TNT, RDX)

Usage

HMX, RDX and TNT are high-energy explosive materials used in missile warheads, 155 mm artillery shells, aerial bombs, rockets, torpedoes, mines and precision-guided munitions.

HMX, RDX and TNT are high-energy explosive materials used in missile warheads, 155mm artillery shells, aerial bombs, rockets, torpedoes, mines and precision-guided munitions. HMX and RDX are also used in composite solid propellants for missile systems such as Pinaka, Akash and BrahMos. These high-performance energetic materials are indispensable for military applications due to their superior energy density, thermal stability, and detonation velocity

Demand drivers

Demand for high-energy materials has been on a rise in domestic as well as export markets. Key drivers include:

- **Global ammunition replenishment**: Countries across Europe, NATO alliance and the Middle East are rebuilding depleted stockpiles of artillery ammunition, aerial bombs, rockets and missiles following the recent regional conflicts.
- **Higher global defense spending:** Rising geopolitical tensions are driving up defense budgets worldwide, and NATO member nations have also decided to increase their overall defense spending.
- **India's ammunition indigenization:** Under the Atmanirbhar Bharat initiative, India is replacing imported explosives and munitions with domestic manufacturing. Increasing localization of artillery ammunition, aerial bombs, rockets and missile systems is creating stable demand for domestic high-energy materials producers.
- **Expansion of indigenous missile programs:** Production ramp-up of Pinaka, Akash, Akash NG, BrahMos, Astra, Nag, SAAW and the upcoming Project Kusha is driving higher requirements for HMX- and RDX-based warheads and composite propellants, supporting long-term demand growth.

SOIL is among the few private Indian companies with integrated capabilities across HMX, RDX, TNT, advanced energetic compounds and composite propellants, having established India's first private-sector HMX and composite propellant facility in 2010 and commenced commercial HMX production in 2015.

Transitioning into a full rocket supplier

Overview of Indian rocket ecosystem

The Indian guided and unguided rocket ecosystem has historically been dominated by the public sector, with DRDO leading the design and development aspects and the Ordnance Factory Board (now reorganized into Munitions India and Yantra India) undertaking serial production of rockets and ammunition. Private sector participation was initially restricted to supplying propellants, explosives, metallic components and launcher sub-systems. However, the increasing emphasis on indigenization, higher demand after border tensions, export opportunities and the government's strategy to create multiple qualified production sources have opened up the complete rocket manufacturing ecosystem to private companies. The Pinaka program has become the first major example where the MoD has deliberately encouraged multiple production agencies rather than relying solely on traditional government manufacturers, significantly expanding opportunities across propulsion systems, warheads, guidance kits and complete rocket assembly.

Indian defense rocket system landscape and SOIL's positioning

Apart from the government-owned Munitions India and Yantra India, private participation in rockets remains relatively concentrated. **Tata Advanced Systems** and **Larsen & Toubro** manufacture Pinaka launchers, command posts and mobility platforms, whereas **Bharat Electronics** supplies fire-control, communication and command systems. **Bharat Dynamics** focuses on tactical and strategic missiles, including Akash, Astra and QRSAM. **Economic Explosives, a subsidiary of SOIL,** became the first private company to successfully manufacture complete Pinaka rockets under DRDO technology transfer, with successful validation trials leading to large production contracts. The company has subsequently secured the INR61b enhanced-range Pinaka order from the MoD and commenced exports of guided Pinaka rockets to Armenia, placing it among the few private companies manufacturing the complete artillery rockets instead of only supplying subsystems.

Besides Pinaka, the company is also participating in long-term indigenous programs, e.g., Brahmos Missiles, MPATGM, Project Kusha, etc.

Strategy going forward

SOIL is backward integrated into several high-value consumable components, including high-energy explosives, composite propellants, igniters, rocket motors, booster systems and warhead filling, leveraging decades of expertise developed in industrial explosives. Guidance electronics, navigation modules, control electronics, sensors and several precision electro-mechanical components continue to be sourced from specialized vendors under DRDO-qualified supply chains. This integrated manufacturing model provides better control over costs and execution timelines. **Besides Pinaka, the company is simultaneously participating in long-term indigenous programs, e.g., Brahmos Missiles, MPATGM, Project Kusha, etc.**

Key rockets/missile programs SOIL is participating in:

Pinaka multi-barrel rocket launcher (MBRL) system

The DAC has accorded AoN for Pinaka MBRL system in Dec'25, and we expect this program to generate additional order inflows for SOIL over the medium term.

The CCS, in Jan'25, approved the procurement of indigenous Pinaka MBRL systems worth INR100b. Of this, SOIL secured orders worth INR61b for the supply of area denial munition (ADM) Type-1 (DPICM) and high explosive pre-fragmented (HEPF) Mk-1 (Enhanced) rockets for the Pinaka MBRL system. Execution has commenced from 4QFY26, and we expect execution to ramp up FY27 onward and spread out over the next 8-10 years.

In parallel, DRDO is also developing the Pinaka long-range guided rocket (LRGR) variant, capable of engaging targets at ranges of 60-120km, with successful flight trials completed recently. The DAC has accorded AoN for this system in Dec'25, and we expect this program to generate additional order inflows for SOIL over the medium term.

Exhibit 14: Pinaka MBRL and its key suppliers

Source: Industry

Exhibit 15: Technical specifications of types of Pinaka rockets manufactured by SOIL

Technical parameters	ADM1, ADM2, ADM3	Enhanced	Guided Extended Range
Maximum Range (km)	37.5 at MSL	45 at MSL	75 at MSL
Minimum Range (km)	12.6 at MSL	16 at MSL	20 at MSL
Accuracy	1.5 % of Range (PE)	1.5 % of Range (PE)	≤ 60 m at all ranges
Calibre (mm)	214	214	214
Length (mm)	4,884	4,725	5,175
Weight of filled Warhead (kg)	96.9 to 100	96.7 to 100	96.7 to 100 + 12 kg inert mass
Height of Burst (m)	10 ± 6	10 ± 6	10 ± 6
Pod Dimension (L × W × H)	5247 × 1065 × 952	5257 × 1083 × 952	5435 × 1065 × 1190
Number of Tube for Pod	6	6	4
Shelf Life (years)	10	15	15
Shelf Life of VT Fuze (years)	10	10	10

Source: Company, MOFSL

Potential beneficiary of Project Kusha

SOIL has been selected by DRDO as a DcPP for Project Kusha to supply solid rocket motors, advanced propellants and other propulsion-related subsystems for the M2 interceptor missiles.

Project Kusha is DRDO's flagship indigenous extended-range air defense system (ERADS) being developed to provide India with a long-range, multi-layered air defense shield comparable to systems like S-400. The system is designed to intercept a wide spectrum of aerial threats, including fighter aircraft, cruise missiles, UAVs, ballistic missiles and stand-off weapons, through three interceptor variants (M1, M2 and M3) with engagement ranges extending up to ~400km.

SOIL has been selected by DRDO as a development-cum-production partner (DcPP) for Project Kusha to supply solid rocket motors, advanced propellants and other propulsion-related subsystems for the M2 interceptor missiles. In this project, SOIL will participate from the development stage through production, leveraging its expertise in energetic materials and missile propulsion.

Exhibit 16: SOIL is contributing ion-solid rocket motors and propellants, and manufacturing of M2 boosters

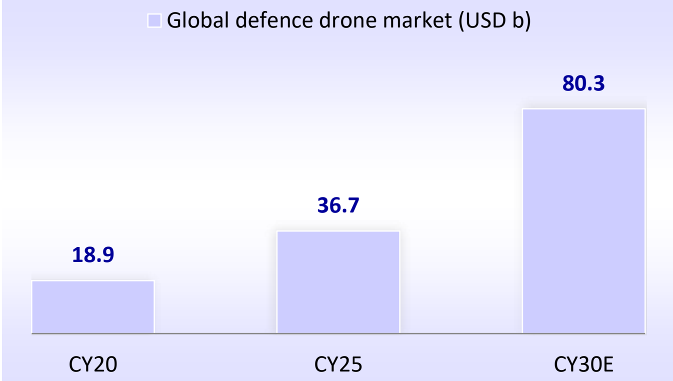
Source: Industry

Building on drone ecosystem

Industry opportunity

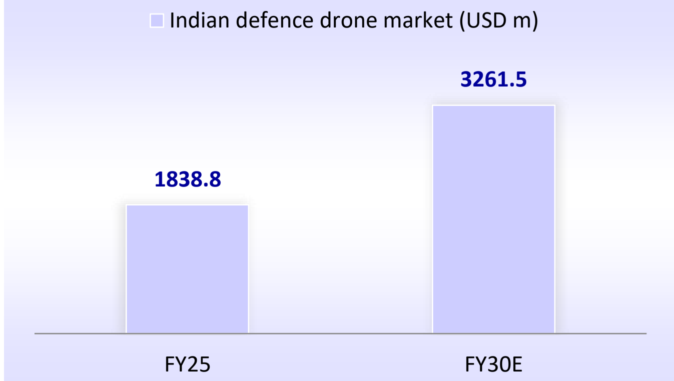
India is preparing its largest-ever domestic military UAV procurement exceeding USD2.0b this year, encompassing loitering munitions, tactical UAV, MALE and HALE UAVs, high-altitude pseudo satellites (HAPS), naval shipborne UAVs, jet-powered kamikaze drones, etc. These are expected to be part of the ongoing fast-track procurement, with delivery timelines expected to be in the range of 18-24 months.

Exhibit 17: Global defense drone market is expected to grow at a CAGR of 17% over CY25-CY30E



Source: 1Lattice Analysis, MOFSL

Exhibit 18: Indian defense drone market is expected to grow at a CAGR of 12% over FY25-30E



Source: 1Lattice Analysis, MOFSL

Exhibit 19: Indian private sector manufacturers of defense drones

Company	ISR UAV	Combat / Armed UAV	Loitering Munition	Swarm UAV
Solar Defence & Aerospace	✓	✓	✓	✗
ideaForge Technology	✓	✗	✗	✓
Tata Advanced Systems (TASL)	✓	✓	✓	✗
Adani Defence & Aerospace	✓	✗	✓	✗
Alpha Design Technologies	✗	✗	✓	✗
NewSpace Research & Technologies	✓	✗	✓	✓
Raphe mPhibr	✓	✓	✗	✓
Johnnette Technologies	✓	✗	✓	✗
Zen Technologies	✓	✗	✓	✗
Paras Defence & Space	✓	✗	✗	✗
Asteria Aerospace	✓	✗	✗	✗
Throttle Aerospace Systems	✓	✗	✗	✗
Garuda Aerospace	✓	✗	✗	✗
Aarav Unmanned Systems	✓	✗	✗	✗
IG Drones	✓	✗	✗	✗
VEDA Aeronautics	✗	✗	✓	✓

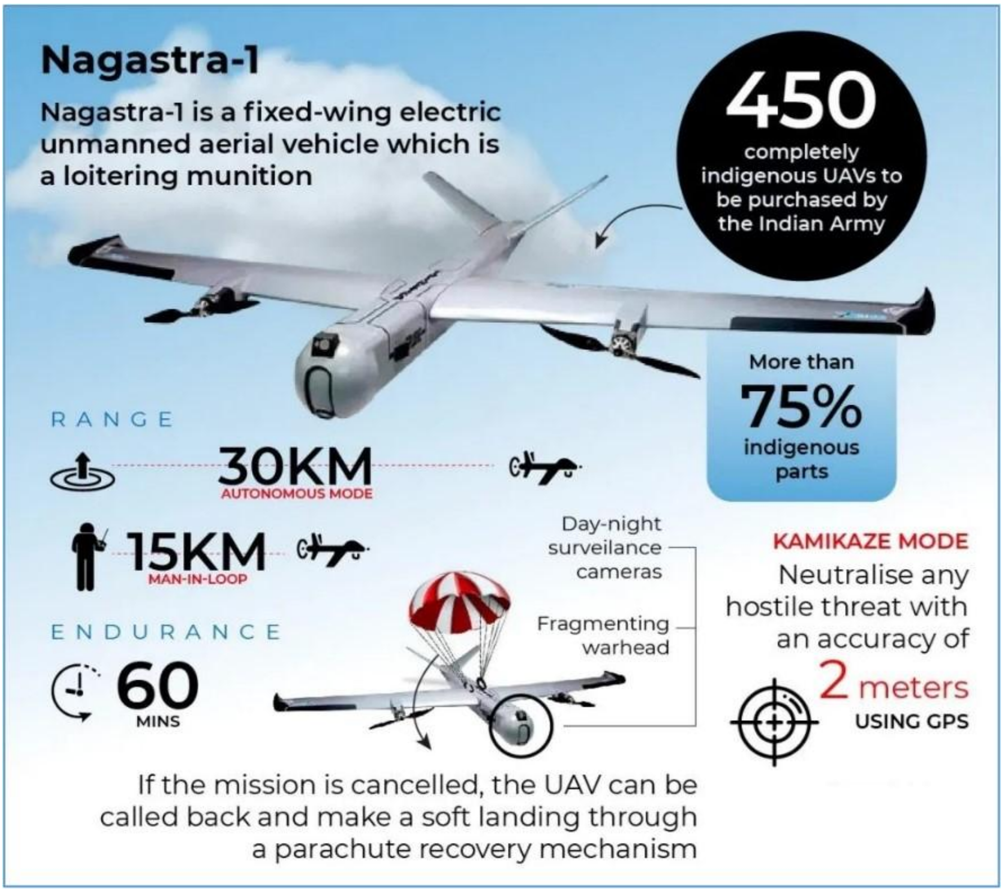
Source: Company, MOFSL

Initiatives taken by SOIL in UAV and counter-UAV segments

Developing the next-generation Nagastra-2 and Nagastra-3 variants.

SOIL is among the few private Indian companies building an integrated unmanned warfare ecosystem rather than focusing solely on drone assembly. The company developed Nagastra-1 as its first indigenous loitering munition and secured its first order from the Indian Army in FY24 for 480 units, with the first batch delivered in Jun'24 and the full order subsequently completed. In Jun'25, it secured a follow-on order of INR2b for 450 upgraded Nagastra-1R systems while continuing to develop the next-generation Nagastra-2 and Nagastra-3 variants. It has successfully tested Rudrastra (multi-role UAV) and established India's first private-sector loitering munition test range spread across 1,080 acres, along with a dedicated 1.27km runway for the development and testing of MALE and HALE unmanned aerial systems at its Nagpur defense campus. Beyond offensive systems, the company is also developing integrated hard-kill and combined hard-kill plus soft-kill counter-drone solutions, significantly expanding its addressable opportunity in the rapidly evolving anti-drone market.

Exhibit 20: Features of Nagastra-1



Source: Industry

Exhibit 21: Nagastra variants

Variants	NAGASTRA-1	NAGASTRA-1R	NAGASTRA-1B	NAGASTRA-2	NAGASTRA-2B	NAGASTRA-3
System Type	Fixed wing kamikaze	Fixed wing	Fixed wing kamikaze	Fixed-wing kamikaze	Loiter Munition	Vehicle-mounted fixed-wing kamikaze
Warhead	1 kg (Anti-personnel and soft-skinned vehicles)	1 kg (High Explosive Fragmentation)	3 kg (Anti-personnel and soft-skinned vehicles)	4 kg HEPF & Anti-tank	7 kg	8 kg HEPF & Anti-tank
Operational Range	15 km (video link), 30 km (GPS fire & forget)	5 km (Radio Line of Sight - one way)	15 km (video link), 30 km (GPS fire & forget)	25 km	25 km	100 km
Endurance	Up to 60 minutes	20 minutes	30+ minutes	90 minutes	90 minutes	180 minutes
Sensors/Targeting type	GPS based	GPS based	GPS based	EO + IR Camera		EO + IR Camera
Recovery	Parachute (Abort option)	Parachute / Glide recovery (Reusable)	No recovery (Self-destruct)	Parachute (Abort & Reusable)		Parachute (Reusable)
Operating Type/Method	Pneumatic launcher	Pneumatic launcher	Pneumatic launcher	Pneumatic launcher	Pneumatic Launch	Autonomous / Precision strike

Source: Company, MOFSL

Developing products in counter-drone space

Bhargavastra

Bhargavastra can engage up to 64 targets simultaneously, with detection range of 6-10km and engagement range of up to 2.5km.

- Bhargavastra is an indigenous hard-kill counter-unmanned aerial system (C-UAS) developed by Solar Defence & Aerospace (SDAL) to protect military assets against drone swarms, loitering munitions and individual UAVs. It is a two-layer hard-kill counter-drone system, combining unguided micro-rockets for saturation engagement and guided micro-missiles for precision interception. It can engage up to 64 targets simultaneously, with detection range of 6-10km and engagement range of up to 2.5km.
- SOIL's contribution spans the entire value chain through its subsidiaries. SDAL is responsible for the design and development of the complete weapon system, including the launcher, radar and sensor integration, command-and-control, fire-control software and overall system integration. Meanwhile, Economic Explosives manufactures the expendable micro-rockets, guided micro-missiles, solid rocket motors and propellants.

All internal trials for Bhargavastra counter-drone have been completed, with government approvals expected by Oct'26

- All internal trials for Bhargavastra counter-drone have been completed, with government approvals expected by Oct'26 and rollout to the Indian Army expected to begin from Dec'26 onward. The company is now focused on completing the remaining approval process and preparing for commercial deployment, which could pave the way for initial orders from the Indian Army.

Exhibit 22: Bhargavastra – Indigenous two-layer counter-drone system

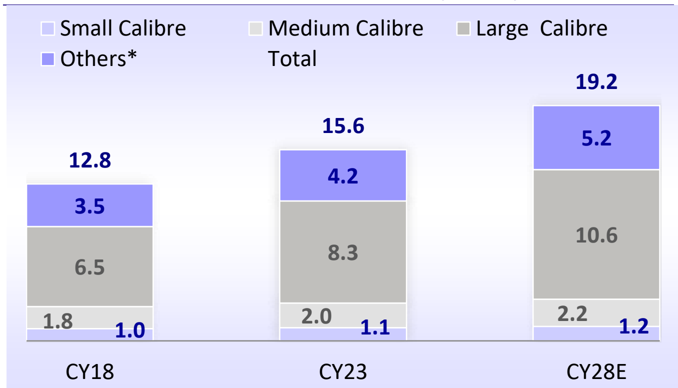
Source: Industry

Expanding into large-caliber ammunition

Industry overview

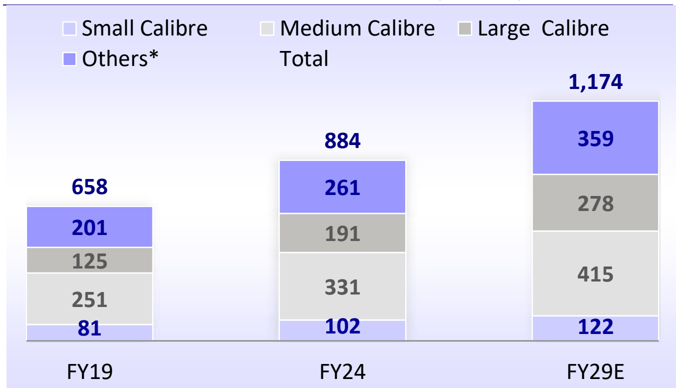
155mm artillery ammunition has emerged as the fastest-growing segment owing to the Indian Army's transition toward an all-155mm artillery fleet under programs involving **Dhanush**, **ATAGS**, **M777**, **K9 Vajra**, **Sharang** and upgraded **M46** guns, all of which require sustained ammunition replenishment over their lifecycle. Export demand has also strengthened materially following the Russia-Ukraine conflict, which exposed a structural shortage of 155mm NATO-standard ammunition and prompted countries across Europe, the Middle East and Asia to rebuild depleted inventories.

Exhibit 23: Global ammunition market (USD b)



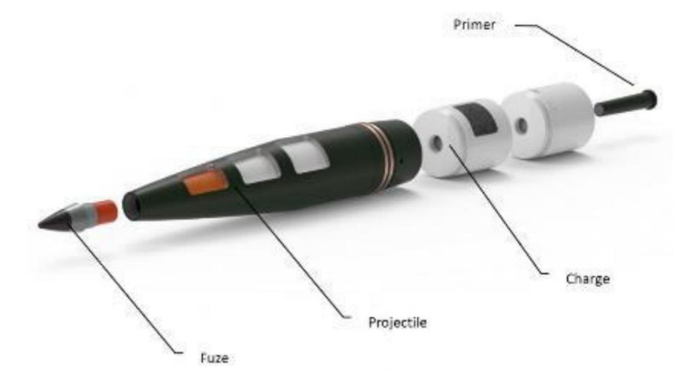
Source: 1Lattice Analysis, MOFSL

Exhibit 24: Indian ammunition market (USD m)



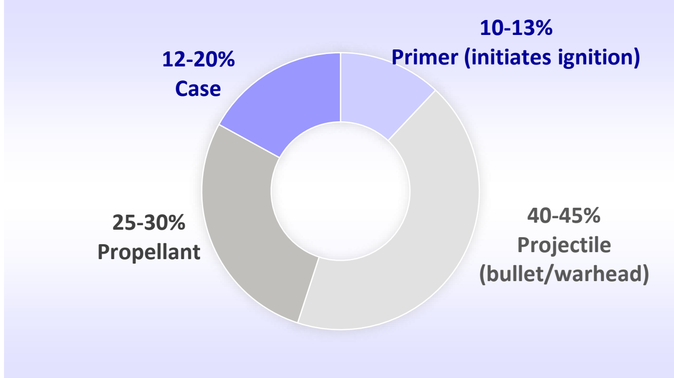
Source: 1Lattice Analysis, MOFSL

Exhibit 25: SOIL has capabilities across the ammunition value chain



Source: Industry, MOFSL

Exhibit 26: Bill-of-material split of components of ammunition (%)



Source: Industry, MOFSL

Indian ammunition ecosystem and SOIL's positioning

India is able to manufacture 155mm shells at USD300-400 each at less than one-tenth the cost of comparable Western-made munitions.

SOIL is one of the earliest integrated ammunition manufacturers.

- India is able to manufacture 155mm shells at USD300-400 each at less than one-tenth the cost of comparable Western-made munitions, making Indian manufacturers emerge as cost-competitive suppliers. Munitions India remains the dominant producer of conventional ammunition and has secured significant export orders for 155mm artillery shells from countries like Saudi Arabia, UAE and Armenia.
- Among private players, SOIL is one of the earliest integrated ammunition manufacturers, having already commercialized medium-caliber ammunition and now expanding into 155mm artillery ammunition. Adani Defence & Aerospace is investing in large-caliber ammunition manufacturing, while Reliance Defence, through its partnership with Diehl Defence and participation in DRDO's DcPP program, is developing indigenous 155mm precision-guided ammunition. Meanwhile, SMPP and Special Blasts are also establishing dedicated 155mm ammunition manufacturing capacities to cater to growing domestic and export demand.

Exhibit 27: Indian ammunition manufacturers and their offerings

Company	Small Arms	Medium	Mortars	Tank	Artillery	Status
Calibre (in mm)	5.56-12.7	20-40	51-120	105-125	130-155	
Munitions India	✓	✓	✓	✓	✓	Production
Solar Industries	✗	✓	✗	✗	✓	155 mm to begin in FY27
Adani Defence & Aerospace	✓	✓	✓	✗	✓	Medium-to-large caliber by early CY27
Reliance Defence	✗	✗	✗	✗	✓	Received order, already operational
SMPP	✓	✓	✗	✗	✓	New plan nearly operational. Tie-up with KNDS for Katana artillery
Bharat Forge (KSSL)	✗	✗	✗	✗	✓	Ammunition plant under development alongside artillery systems
Special Blasts Ltd (SBL)	✗	✗	✗	✗	✓	Planned (155 mm)
Yantra India	Hardware	Hardware	Hardware	Hardware	Hardware	Metallic hardware only

Source: Industry, Company, MOFSL

✓ denotes company's plans to expand into respective caliber

Artillery guns of India using 155mm ammunition

SOIL's strategy going forward

SOIL is expanding its defense portfolio into 155mm artillery ammunition, positioning itself in one of the fastest-growing global ammunition segments amid continued replenishment of defense inventories worldwide. The program forms part of the company's broader defense manufacturing expansion at Nagpur, with commercial production expected to commence soon. Its key advantage lies in 1) its backward integration across the high-value energetic portion of the ammunition value chain, 2) manufacturing high-energy explosives, RDX/HMX formulations, propellants, explosive filling, warheads and other energetic components in-house, and 3) enabling higher localization, better quality control and improved margins. **These capabilities can be directly leveraged for 155mm artillery ammunition production, while components such as forged shell bodies, cartridge cases, primers, driving bands and certain fuze components are expected to be sourced from specialized vendors. Accordingly, SOIL's value addition lies in the manufacture and integration of energetic materials, propellant systems, fuze integration, quality assurance and final ammunition assembly.**

Exhibit 28: SOIL's ammunition offerings and its uses

Calibers	Purpose	Compatibility
23 mm	❖ Armour-piercing incendiary tracer projectile intended to engage air and ground targets.	❖ Designed for use with guns 2A14, 2A14M, 2A7 and 2A7M.
30 mm	❖ Used as anti-aircraft munition and effective against lightly armored vehicles and fortified bunkers. Popular caliber for Close-In Weapon Systems (CIWS) onboard ships.	❖ Used in Russian AK-630, BMP-II guns and Dutch Goalkeeper CIWS.
40 mm	❖ Used against aircraft and sea skimmer missile threats.	❖ Fired from 40 mm L70 BOFORS & BREDA guns.
155 mm	❖ Used to provide long-range fire support, destroy fortified positions, and target armored vehicles	❖ Used in medium and heavy artillery such as Dhanush, M777 ULH, K9 Vajra-T, ATAG S, Bofors FH-77B, Sharang, etc.

Source: Company, MOFSL

Creating manufacturing capacity ahead of demand

SOIL has signed an MoU with the government of Maharashtra to establish an Anchor Mega Defense & Aerospace project at Nagpur with investments of INR127b over the next decade.

SOIL is creating manufacturing capacity ahead of demand to establish itself as a fully integrated defense and energetic materials manufacturer. Through its subsidiary, Economic Explosives, the company has signed an MoU with the government of Maharashtra to establish an Anchor Mega Defense & Aerospace project at Nagpur involving investments of nearly INR127b over the next decade. The project will significantly expand manufacturing capacities across rockets, missiles, ammunition, UAVs, high-energy materials and aerospace products while strengthening backward integration across critical energy materials. Alongside this, SOIL continues to build capabilities across propellants, warheads and ammunition, enabling it to execute large domestic and export programs without meaningful production bottlenecks.

Global defense exports opening a significant new addressable market

International orders account for nearly INR110b of its total defense order book of ~INR180b.

SOIL is increasingly positioning itself as a global supplier of advanced energetic materials and ammunition amid rising geopolitical tensions and increasing defense spending worldwide. International orders account for nearly INR110b of its total defense order book of ~INR180b, highlighting the growing importance of exports in its long-term growth strategy. Unlike many Indian defense companies that remain largely dependent on domestic procurement, SOIL has already qualified multiple products with overseas customers, substantially reducing execution risk while providing greater visibility on export-led growth.

Continued investments in R&D and collaboration with institutes

SOIL has been investing continuously in R&D over the years and is working closely with institutions such as DRDO, CIMFR (Central Institute of Mining and Fuel Research) and CMPDIL (Central Mine Planning & Design Institute). These partnerships help in driving innovation and technological advancements in ammunition, rocket systems and UAV (Unmanned Aerial Vehicle) technologies. Simultaneously, the company is constantly innovating to keep in line with global defense trends.

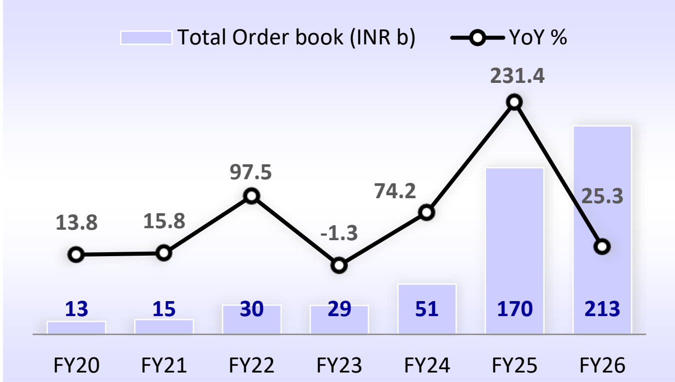
Financial outlook

Order book

We expect its defence order book to continue to clock 17% CAGR over FY26-30.

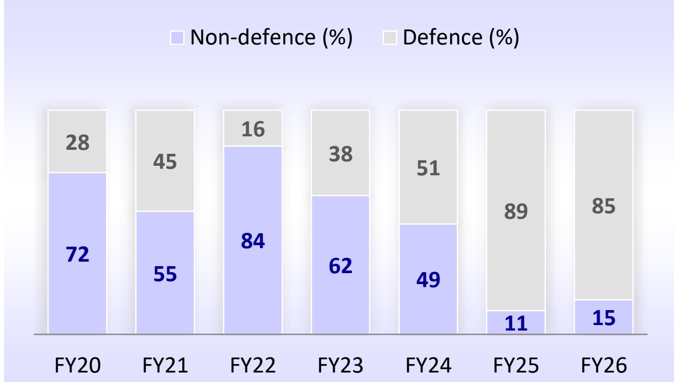
SOIL's order book increased at a CAGR of 63% over FY22-26, supported by strong inflows in the industrial explosives division and the defense segment (148% CAGR), including Pinaka orders from the domestic and export markets. The company is expanding its offerings into UAVs and C-UAVs, and is in the process of developing more variants of Nagastra and Pinaka rockets, which could open up new markets. We thus expect its defense order book to continue to clock 17% CAGR over FY26-30, which would be supported by growth in base orders across explosives, high-energy material and platform orders. We have not baked in large platform orders like Bhargavastra or Pinaka LRGR, which can materialize during FY27/28.

Exhibit 29: Order book saw 63% CAGR over FY22-26…



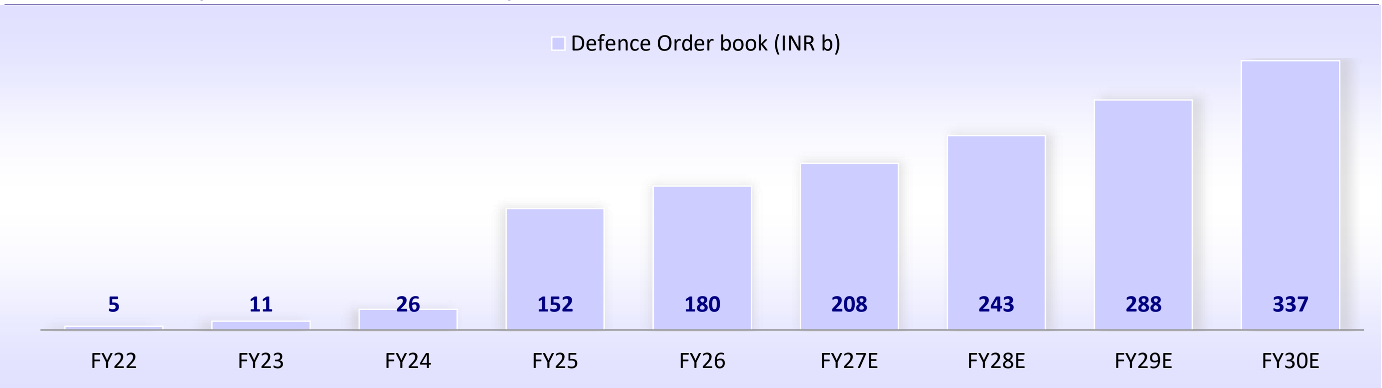
Source: Company, MOFSL

Exhibit 30: …supported by defense inflow ramp-up



Source: Company, MOFSL

Exhibit 31: We expect defense order book to post a CAGR of 17% over FY26-30



Source: Company, MOFSL

Exhibit 32: Order inflows announced by SOIL over the last two years

Date	Order	Order size (INR b)	Segment	Customer	Region	Execution Timeline
29-May-26	❖ Supply of Defence Products	10.8	Defence	International	International	3 years
30-Jan-26	❖ Supply of Defence Products	5.9	Defence	International	International	4 years
30-Jan-26	❖ Supply of Defence Products	8.3	Defence	International	International	4 years
31-Dec-25	❖ Supply of Bulk Explosives	17.5	Explosives	CIL	Domestic	2 years
18-Nov-25	❖ Supply of Defence Products	14.0	Defence	International	International	4 years
08-Oct-25	❖ Supply of Bulk Explosives	4.8	Explosives	South Eastern Coalfields Limited		2 years
23-Jun-25	❖ 450 units of Nagastra-1R	1.6	Defence	MoD	Domestic	1 year
31-May-25	❖ Supply of Cartridge Explosives & Accessories	4.0	Explosives	CIL	Domestic	2 years
04-Mar-25	❖ Supply of Multi-Mode Hand Grenade	2.4	Defence	MoD	Domestic	1 year
28-Feb-25	❖ Supply of Defence Products	21.5	Defence	International	International	6 years
06-Feb-25	❖ Supply of Area Denial Munition (ADM) Type-1 (DPICM) and High Explosive Pre-Fragmented (HEPF) Mk-1 (Enhanced) rockets for PINAKA MLRS	60.8	Defence	MoD	Domestic	8 - 15 years (86% within 10 years)
02-Dec-24	❖ Supply of Defence Products	20.4	Defence	International	International	4 years
09-Nov-24	❖ Supply of Defence Products	5.8	Defence	International	International	5 years
05-Nov-24	❖ Supply of SME Explosives, LDC Explosives and initiating systems	8.9	Explosives	SCCL	Domestic	2 years
04-Nov-24	❖ Supply of Defence Products	4.0	Defence	International	International	3 years
11-Mar-24	❖ Supply of Defence Products	4.6	Defence	Domestic entity	International	2 years
08-Jan-24	❖ Supply of Defence Products	9.9	Defence	International	International	3 years
07-Oct-23	❖ Supply of Bulk Explosives	18.5	Explosives	CIL	Domestic	2 years
20-Apr-23	❖ 480 units of Nagastra-1 Loitering Munition	2.1	Defence	MoD	Domestic	1 year
06-May-22	❖ Supply of SME explosives, LDC explosives and accessories for blasting of OB	15.6	Explosives	SCCL	Domestic	2 years

Source: Company, MOFSL

Revenue growth to be driven by scale-up in defense and Omnia acquisition

We incorporate following assumptions for revenue for SOIL:

We expect industrial explosive revenue growth of 34% in FY27 and bake in 13-16% revenue growth FY28 onward.

- **Industrial explosives segment**: For industrial explosives segment, we expect revenue growth of 34% in FY27, supported by a 12% YoY increase in volumes and a 20-22% YoY increase in prices. These prices are expected to normalize from FY28 onward. Hence, we bake in ~13-16% revenue growth going forward.

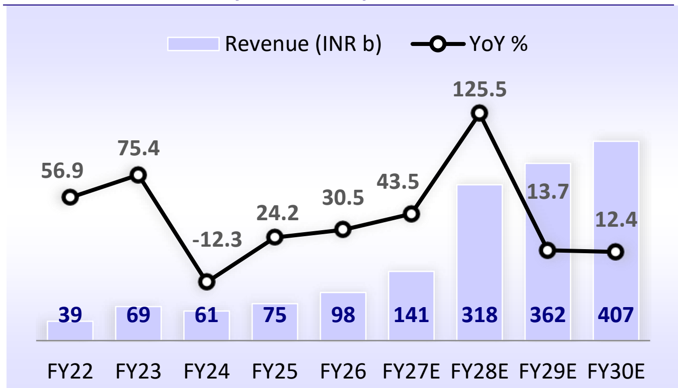
We expect defense revenue to grow from INR26.3b in FY26 to INR99b in FY30.

- **Defense segment**: We expect defense segment revenue to grow from INR26.3b in FY26 to INR99b in FY30. Apart from base order execution, from the Pinaka order (worth INR61b), we expect revenue to scale up to INR5-6b per year, in line with the execution schedule of 10 years for this order. Successful trials and commissioning of Nagastra, Rudrastra and Bhargavastra could further diversify its revenue stream beyond Pinaka and ammunition.

We estimate Omnia's revenue to grow from INR133b in FY26 to INR162b by FY30.

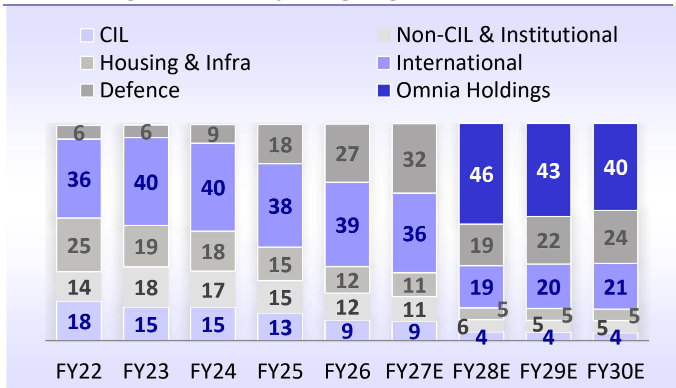
- **Omnia Holdings**: We incorporate the Omnia holdings acquisition from FY28. We expect Omnia's revenue to grow from INR133b in FY26 to INR162b by FY30.

Exhibit 33: We expect overall revenue to clock a 43% CAGR over FY26-30E mainly due to acquisition



Source: Company, MOFSL

Exhibit 34: Revenue growth is boosted by acquisition, defense segment and exports going forward



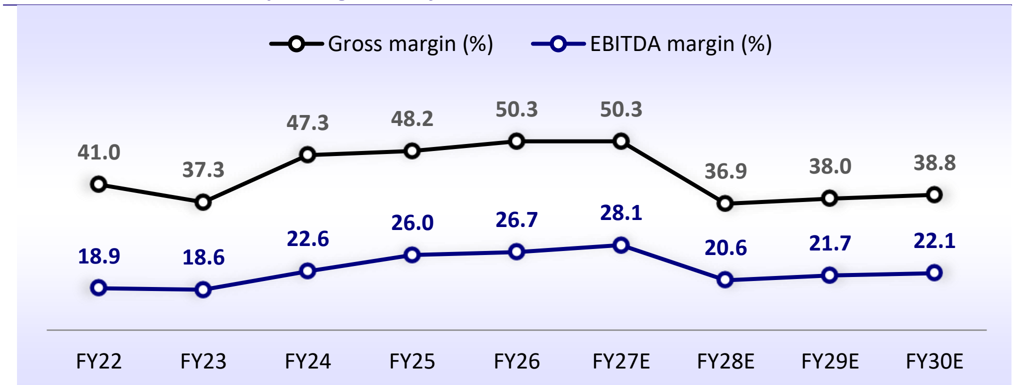
Source: Company, MOFSL

Overall EBITDA margin to contract in FY28 on lower margins from Omnia

For the consolidated entity (including Omnia from FY28), we expect EBITDA margin of 28.1%/20.6%/21.7%/22.1% over FY27/28/29/30.

- For core business of SOIL, gross margins increased from ~40% in FY22 to 50% in FY26, while its EBITDA margins increased from 18.9% in FY22 to 26.7% in FY26. The main margin drivers are the increasing defense business and increasing international business. We expect SOIL's EBITDA margin (excl. Omnia consolidation) to remain healthy around 28-29% over FY27-30.
- For Omnia, we bake in EBITDA margin of 11.5%/11.8%/11.8% over FY28/ FY29/FY30.
- For the consolidated entity (including Omnia from FY28), we expect EBITDA margin of 28.1%/20.6%/21.7%/22.1% over FY27/28/29/30. We have factored in the consolidation of Omnia financials FY28 onward.

Exhibit 35: We expect EBITDA margin to contract in FY28 on consolidation of low-margin Omnia' financial and improve gradually from thereon



Source: Company, MOFSL

Strong capex to scale up defense and ammunition capabilities and Omnia acquisition to keep depreciation and interest expenses higher

We bake in capex of INR20b/INR14b/INR15b/INR15b over FY27-30 for the core business and incorporate capex of INR133b for Omnia acquisition in FY28.

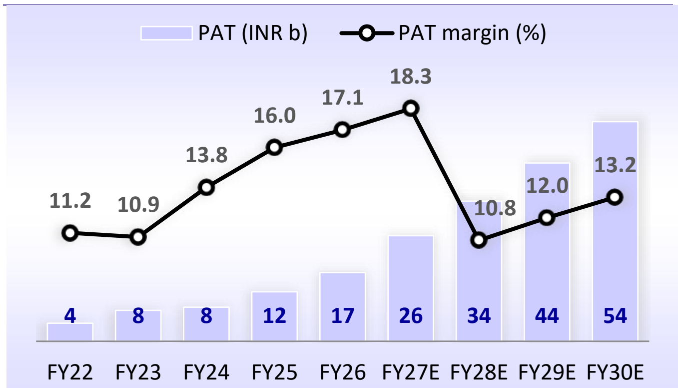
- The company has signed an MoU with the government of Maharashtra to establish an Anchor Mega Defense & Aerospace project at Nagpur involving investments of nearly INR127b over the next decade. The project will significantly expand manufacturing capacities across rockets, missiles, ammunition, UAVs, high-energy materials and aerospace products while strengthening backward integration across critical energy materials.
- We bake in capex of INR20b/INR14b/INR15b/INR15b over FY27-30 for the core business and incorporate capex of INR133b for the Omnia acquisition in FY28. This will result in additional borrowings for the company to an extent of INR135b in FY28.

PAT growth to remain healthy for next 4-5 years

We expect PAT to grow at a CAGR of 34% over FY26-30.

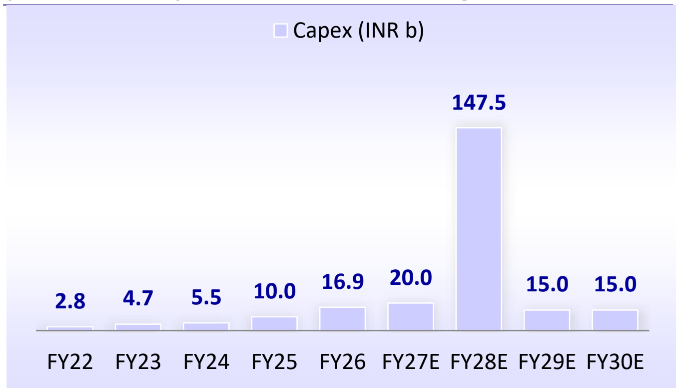
After the Omnia acquisition, we expect PAT growth to reflect increased revenue, lower margin, and higher interest and depreciation. We thus expect PAT to grow from INR17b in FY26 to INR54b by FY30, reflecting a CAGR of 34%.

Exhibit 36: We expect company's PAT to clock a 34% CAGR over FY26-30E



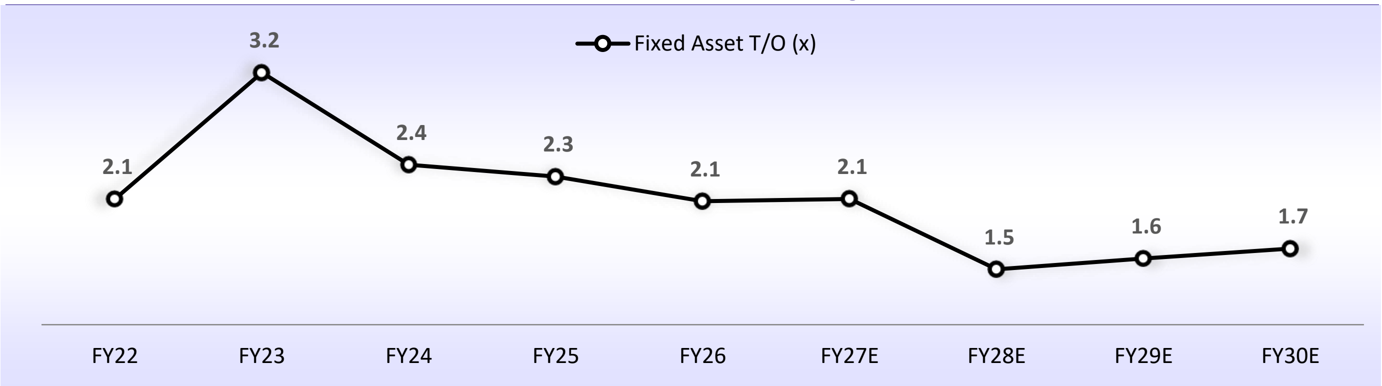
Source: Company, MOFSL

Exhibit 37: Core capex is expected to remain high for new product development and backward integration



Source: Company, MOFSL

Exhibit 38: Fixed asset turnover ratio to decline due to consolidation of low-growth Omnia business FY28 onward



Source: Company, MOFSL

Net working capital cycle moved up to create buffer for supply chain

We expect NWC to remain stable in FY27E followed by improvement to ~76 days from FY28 onwards on consolidation of Omnia, which has lower NWC of 56 days.

SOIL's NWC stood at 96 days in FY26 and 36 days in FY25. Going forward, we expect NWC to remain stable in FY27E owing to continued working capital requirements to support ongoing capacity expansions and the execution of the strong order book. NWC should improve to ~76 days from FY28 onward due to the consolidation of Omnia, which has lower NWC of 56 days.

Exhibit 39: NWC is expected to improve FY28 onwards on consolidation of Omnia

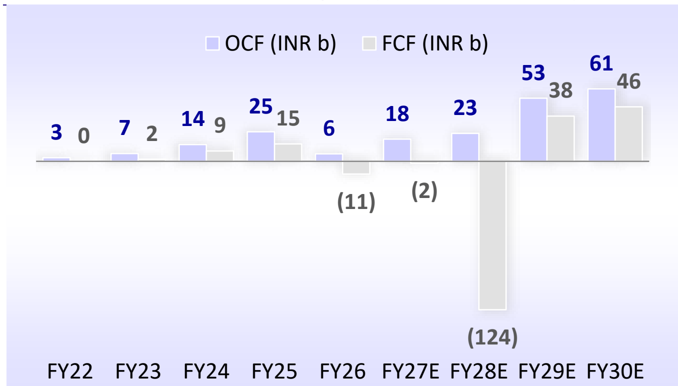
Source: Company, MOFSL

Return ratios to remain strong

Consolidation of Omnia may drag down return ratios to some extent.

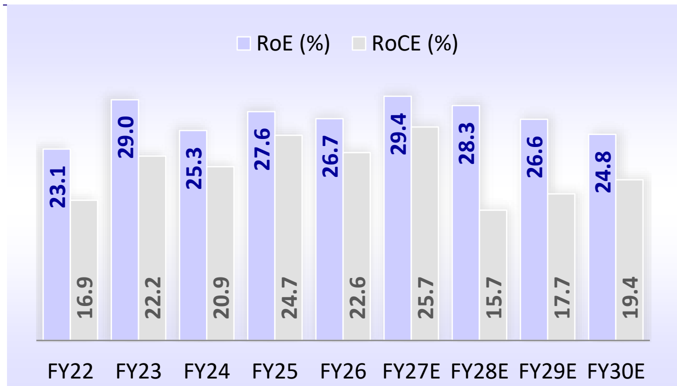
We expect SOIL's OCF/FCF position to improve beyond FY27 as the utilization levels of new manufacturing units start increasing. FY28E FCF is impacted by mainly high capex for the Omnia acquisition. While the return ratios of its core business are expected to remain healthy, consolidation of the acquired company is expected to drag down return ratios to some extent.

Exhibit 40: We expect OCF/FCF to remain healthy, barring FY28 when SOIL will incur high capex for Omnia acquisition



Source: Company, MOFSL

Exhibit 41: We expect return ratios to decline mainly due to acquisition



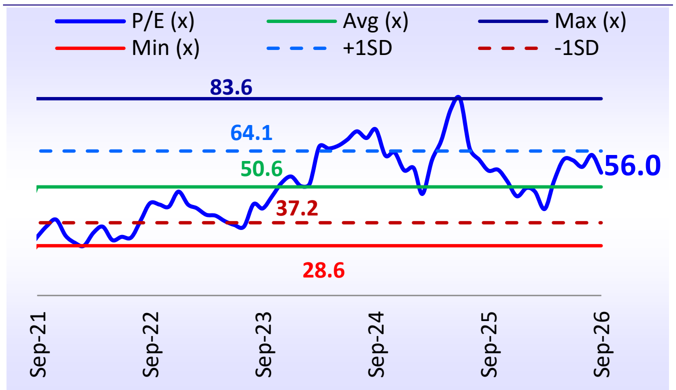
Source: Company, MOFSL

Valuation and view

We initiate coverage with a BUY rating and a TP of INR23,000, based on 50.x Dec'28E EPS.

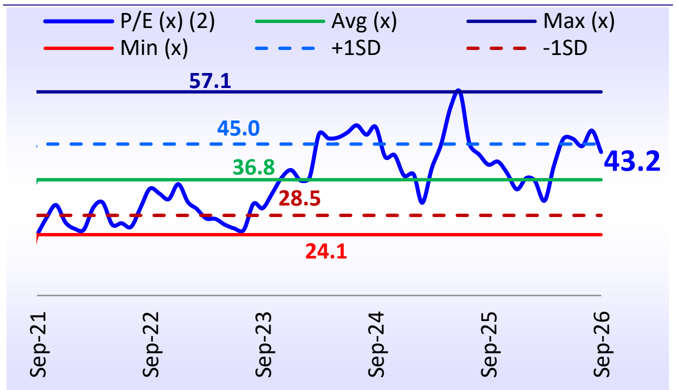
- The stock is currently trading at 49.1x/38.5x P/E on FY28E/FY29E EPS. These valuations have corrected over last few days due to a change in the overall revenue mix toward explosives after the recent acquisition. Though we believe the Omnia acquisition is margin- and return-dilutive in the near term and involves a large debt on the books, we expect to see strong synergies in overall business over the next few years in terms of backward integration toward ammonium nitrate and a wider reach of geographies and products.
- We estimate SOIL to deliver a CAGR of 43%/36%/34% in revenue/EBITDA/PAT over FY26-30E. The CAGR looks higher on account of a low base of FY26, which had limited scale of defense revenue and the absence of Omnia in FY26 financials. After the consolidation of the acquired entity in FY28, the expected revenue/PAT CAGR over FY28-30 would be 13%/25%.
- **We initiate coverage with a BUY rating and a TP of INR23,000, based on 50x P/E on Dec'28E EPS.** A lower valuation multiple than the past trading range takes into account a higher share of non-defense portfolio, which grows at relatively lower pace than the defense portfolio. Future growth drivers include finalization of large-sized orders for Pinaka new variants, Bhargavastra, 155mm ammunition and Project Kusha, which can provide an upside to inflows and future execution estimates.

Exhibit 42: SOIL 1-Year forward P/E



Source: Company, MOFSL

Exhibit 43: SOIL 2-year forward P/E



Source: Company, MOFSL

Exhibit 44: Relative valuation comparison of domestic defense companies

Companies	CMP	Mcap	EPS			P/E (X)			FY26-29 CAGR (%)			ROE (%)		
	(INR)	(INR b)	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	Rev	EBITDA	PAT	FY27E	FY28E	FY29E
Solar Industries	**18,555**	**1,679**	**284.9**	**378.3**	**481.5**	**65.1**	**49.1**	**38.5**	**54.4**	**44.1**	**37.5**	**29.4**	**28.3**	**26.6**
Bharat Electronics	394	2,878	9.6	11.2	12.6	41.1	35.2	31.3	14.7	13.9	15.0	23.1	21.5	19.8
Hindustan Aeronautics	4,801	3,211	149.9	179.6	218.0	32.0	26.7	22.0	22.5	19.2	16.9	20.9	21.1	21.2
Bharat Dynamics	1,173	430	18.2	26.7	33.7	64.4	44.0	34.8	42.4	77.4	43.2	14.3	18.3	19.8
Astra Microwave	1,632	155	25.8	35.3	49.7	63.3	46.3	32.8	25.0	23.2	34.7	17.0	19.4	22.2
Zen Technologies	1,687	152	33.6	47.0	58.8	50.2	35.9	28.7	60.4	67.2	53.9	15.4	18.2	18.9
Data Patterns	4,513	253	62.9	80.8	100.7	71.8	55.9	44.8	24.7	23.3	28.1	18.4	19.6	20.1
MTAR	7,201	222	80.3	149.5	202.2	89.7	48.2	35.6	60.6	73.2	85.9	26.1	35.4	33.8
PTC Industries*	22,804	342	135.1	364.3	589.0	168.8	62.6	38.7	71.1	109.4	105.6	14.1	24.7	30.9
Azad Engineering*	2,785	180	25.7	37.0	55.8	108.5	75.3	49.9	37.2	37.5	39.2	9.9	12.5	16.3
Mazagon Dock*	2,252	908	68.9	72.9	82.0	32.7	30.9	27.5	10.5	10.5	8.4	24.7	21.9	20.9
Garden Reach*	2,413	276	79.2	89.6	95.9	30.5	26.9	25.2	8.1	2.8	13.7	29.0	26.5	24.2
Cochin Shipyard*	1,363	359	33.2	41.0	50.6	41.0	33.2	26.9	16.1	22.7	23.0	14.1	15.6	17.2

Source: Company, Bloomberg, MOFSL; * denotes Bloomberg estimates

Key risks and concerns

- **Dependence on government spending**: Reduced government expenditure on infrastructure and defense projects remains a macroeconomic risk, potentially curbing demand in core sectors. Fiscal tightening could exacerbate liquidity and interest rate pressures, affecting project pipelines like highways and military contracts. SOIL counters this via diversified revenue streams and flexible operations.
- **Execution risk in large defense programs:** Defense projects involve lengthy qualification cycles, trials and phased ramp-ups. Delays in trials can defer revenue recognition. Scaling up complex ammunition and missile systems requires precision execution and supply chain synchronization.
- **Technology development and competitive intensity:** Entry into advanced platforms such as UAVs and next-generation munitions involves technological complexity and global competition. Delays in product qualification or inability to secure large platform contracts may impact anticipated growth trajectories.
- **Customer concentration and project execution risks:** A slowdown in orders from Coal India, especially for surface mining explosives, heightens cyclical demand risks amid commodity price fluctuations. This customer concentration vulnerability could strain revenue stability in the industrial explosives segment.
- **Operational risk:** Skilled labor shortages in the explosives industry drive lead to delays and cost overruns. There is an inherent safety risks, including accidents, plant shutdown, regulatory penalties and reputational damage.
- **Supply chain disruptions:** Disruptions in ammonium nitrate, chemicals or logistics could delay deliveries to mining and defense customers, increasing inventory and working-capital requirements.
- **Geopolitical challenges and instability can disrupt the supply chain:** Supply chain disruptions from geopolitical tensions, material shortages, or transportation delays pose significant threats to timely deliveries. These issues can inflate working capital requirements and production costs, particularly for key raw materials like ammonium nitrate. The company mitigates this through supplier diversification and digital logistics integration.
- **Regulatory and safety compliance risk:** Manufacturing of explosives and ammunition operates under stringent regulatory frameworks. Any safety incident, compliance lapse, or tightening of environmental and defense regulations could result in operational disruptions, penalties or reputational impact.

Company overview

With over three decades of expertise, SOIL has evolved into a globally recognized leader in explosives, defense solutions, and advanced technologies. The company offers a comprehensive portfolio of high-quality, innovative products across mining, infrastructure, construction, defense, and space sectors. It has been at the forefront of indigenous development of high-energy explosives and is widely acknowledged for breakthroughs in drone-based loitering munitions. In the defense domain, the company has played a pivotal role in supplying booster systems for the BrahMos missile, Pinaka rocket systems, and various loitering munitions, strengthening India's position in global defense markets. Its export network now spans 90+ countries, supported by 40+ manufacturing facilities across nine countries, reflecting SOIL's growing international presence.

Exhibit 45: Major milestones of SOIL over the years

Year	Milestone
1996-2000	❖ Commenced production of Packaged Explosives, Bulk Explosives and Detonators
2001-2005	❖ Added Detonating Cord, Cast Boosters, PETN to the Product Portfolio
	❖ Expanded our footprint to international markets
2006-2011	❖ Got Listed on BSE & NSE
	❖ Established facilities in Zambia and Nigeria
	❖ Ventured into Defence
2012-2015	❖ Established Turkey Plant
	❖ Started Manufacturing 3-layer Shock tubes & Electronic Detonators
	❖ Commenced supply of High Energy Materials
	❖ Established facilities for Propellant / Ignitors
2016-2018	❖ Established facilities for Multi-Mode Hand Grenade, Pyros, Ignitors, Warheads & Integration of Rockets
	❖ Large Scale capacity for High Energy Materials established
	❖ Commenced TNT Plant
	❖ Commenced production of Solid Propellant Booster for BrahMos Missiles
	❖ Commenced operations at South Africa
2019-2022	❖ SOIL reached the momentous 25-year milestone
	❖ Established Centre of Excellence for Life Assessment
	❖ Manufacturing started at Ghana, Tanzania & Indonesia
	❖ Enhanced Detonator capacities
2023-2024	❖ Ranked amongst The TOP 5 Global Explosives companies
	❖ Fully indigenous 30mm Ammunition supplied to the Indian Navy lion
	❖ Received the First ever order for Loitering Munition - NAGASTRA-1 by a private company
2024-2026	❖ Bagged highest ever order for PINAKA Rockets valued at INR60.8b and also exported Pinaka rockets.
	❖ Defence orderbook stands at INR150b+
	❖ Counter Drone System (Bhargavastra) Micro Missile initial trials successful
	❖ Commenced operations at Zimbabwe and Kazakhstan
	❖ Loitering Munition - NAGASTRA-1 successfully delivered to the Indian Army

Exhibit 46: SOIL's Indian facilities

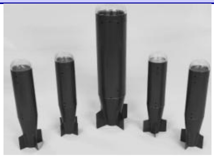
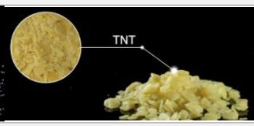
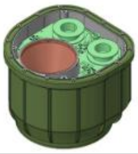
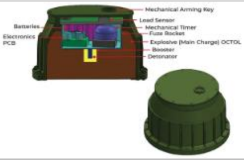
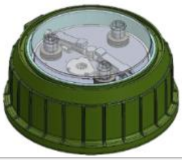
State Name	Number of Plants	Purpose of the Plant
Maharashtra	7 (2 WIP)	❖ Core manufacturing hub producing packaged and bulk explosives, detonators, cast boosters and defence-grade materials (TNT, RDX, HMX). Chakdoh plant and major defence/aerospace expansions including rocket integration and loitering munitions facilities.
Chhattisgarh	5	❖ Bulk explosives manufacturing catering to coal and iron ore mining operations near Raigarh and Bilaspur.
Rajasthan	4 (2 WIP)	❖ Production of emulsion explosives and seismic products for quarrying and mining activities, including Bhilwara and Kothputli regions.
Madhya Pradesh	6 (2 WIP)	❖ Facilities supporting infrastructure development and coal mining operations near Singrauli and Betul.
Odisha	4 (1 WIP)	❖ Explosives plants serving iron ore and bauxite mining belts in eastern India.
Jharkhand	2	❖ Specialized plants for detonators, shock tubes and electronic detonators.
Telangana	3 (1 WIP)	❖ Manufacturing of detonators, shock tubes and electronic detonators serving southern and central markets.
West Bengal	1	❖ Strategic unit supporting eastern India's infrastructure and mining requirements.
Tamil Nadu	1 (WIP)	❖ Manufacturing unit serving southern India with proximity to ports and rail logistics.

Source: Company

Exhibit 47: SOIL's product portfolio

Category	Sub-category	Products			
Industrial					
Bulk explosives	Bulk				
		Solar BE-101	Solar BE-201	Solar BE-909	
Packaged explosives	Non-permitted explosives				
		Superpower 90	Superpower 80	Solargel	Solargel-E
					
		Solar Prime	Solar Prime-E	SolarPrime Gold	Solarprime MaxX
					
		EcoPower			
	Permitted explosives				
		Supercoal 1	Supercoal 3	Supercoal 5	
	Seismic Explosives				
		Superpower Seismic 63/76mm			
Others					
		Electronic detonator	Non- electronic detonator	Electric detonator	Plain detonator
					
		Cord relay	Cast boosters (Solarcast-P25g/250g/400g)	Detonating cords	Aluminum elemented det

Defence

UAS & Drones					
	Nagastra 1 (Loiter Munition 1)	Nagastra 2 (Loiter Munition 2)	Rudrastra (Hexacopter)	Payloads for Drones' Weaponization	VTOL
Ammunitions					
	Multi-Mode Hand Grenades	81 mm AT-AL Smoke Granade	40mm	30mm	23mm
					
	155 mm				
High Energy Material					
	HMX	TNT	RDX		
Bombs & Warheads					
	Air Bomb 250Kg	Air Bomb 125Kg	Konkur	Inwar Torpedos	War Heads for Rockets and Missiles
					
	Air Bomb 500Kg	Air Bomb 1000Kg			
Rockets & Missiles					
	Bhargavastra	Pinaka MK-1	Pinaka Enhanced	Pinaka Guided	Booster for Bramhos
Initiating Systems & Detonix					
	Ignitors	YDB-60 Fuse	A670		
Chaff and Flares					
	118-LRCR	118-MRCR			
Mines					
	Tandav	Adrushi	M55	M95	

Source: Company

ESG initiatives

Environment

- **Energy and emissions:** The company is improving energy efficiency through operational improvements and fuel transition, including briquette-based boilers to reduce coal dependence and automation to optimize energy utilization.
- **Water management:** Zero liquid discharge practices are implemented across facilities, with wastewater treated through in-house treatment systems and reused within operations.
- **Waste management:** Waste streams are segregated into hazardous and non-hazardous categories, with clear protocols governing handling, storage and disposal. The company engages authorized vendors for the treatment and disposal of hazardous waste, ensuring compliance with regulatory and safety requirements across the disposal chain.
- **Biodiversity and ecological responsibility:** SOIL plans its facility layouts in a dispersed manner to reduce concentrated land impact and maintain green cover around plant locations. Natural reservoirs and water bodies are integrated into facility design and maintained as part of ongoing operations.

Social

- **Occupational and employee health and safety:** Multiple risk assessment methodologies identify and mitigate workplace hazards across operations, including Hazard Identification and Risk Assessment (HIRA), Job Safety Analysis (JSA), Hazard and Operability Studies (HAZOP), Process Hazard Analysis (PHA), and Workplace inspections and safety observations.
- **Safety governance and oversight:** This framework demonstrates a structured, three-tier approach to managing workplace safety through clear accountability, regular oversight, and independent assurance.
- **Technology, automation and mechanization:** To reduce employee exposure to hazardous conditions, the company continues to invest in automation, mechanization and digital safety solutions.
- **Prevention of sexual harassment:** Under the policy, a variety of training programs and workshops for employees are conducted
- **Happiness quotient framework:** Key initiatives include access to healthcare support, wellness assessments, employee assistance programs, counselling, and awareness sessions delivered through specialized partners.

Governance

- **Code of Conduct:** The company promotes ethical business practices and equitable treatment of all, and has framework to avoid practices like bribery, corruption and anti-competitive practices.
- **Compliance system:** As a company operating in the explosives manufacturing sector, SOIL adheres to the regulatory standards and operational guidelines prescribed by the Petroleum and Explosives Safety Organisation (PESO) and the Directorate General of Mines Safety (DGMS).
- **Cyber security:** The cybersecurity program combines strong governance, employee awareness and advanced security technologies to strengthen risk management, compliance, cyber resilience and business continuity.

Bull and Bear cases

Base case

- ☑ In our base case assumption, we have taken a lower valuation multiple than the past trading range, taking into account a higher share of non-defense portfolio, which grows at relatively lower pace than the defense portfolio. Future growth drivers include finalization of large-sized orders for Pinaka new variants, Bhargavastra, 155mm ammunition and Project Kusha, which can provide an upside to inflows and future execution estimates.

Bull case

- ☑ In our bull case assumption, we have taken 15% higher profitability and 10% higher multiple, taking into account faster execution of the defense order book and higher ammonium nitrate prices, resulting in higher realizations.

Bear case

- ☑ In our base case assumption, we have taken 15% lower profitability and 10% lower multiple, taking into account slower-than-expected execution of the defense order book and lower realization on decline in ammonium nitrate prices.

Exhibit 48: Sensitivity analysis assumptions

	Bear case	Base case	Bull case	Rationale
Dec'28 EPS (INR)	387	456	524	15% variation in profitability
Target P/E (x)	45	50	55	10% variation in P/E multiple
TP (INR)	**17,400**	**23,000**	**28,800**	

Source: MOFSL

SWOT analysis

- ☑ 30+ years of experience in explosives market
- ☑ Leadership in industrial explosives, with a wide product portfolio
- ☑ Strong global operating footprint in 65+ countries
- ☑ Integrated manufacturing capabilities across explosives, initiating systems and defence products
- ☑ In-house R&D strength for explosives, ammunition, propellants and defense systems
- ☑ Strong backward integration into key raw materials and critical components

- ☑ Vulnerability to raw material price volatility, especially ammonium nitrate, which accounts for ~65% of its raw material costs
- ☑ Cyclical demand fluctuations in mining, construction and infrastructure sectors
- ☑ High regulatory compliance burden under Explosives Act leading to elevated operational costs and potential delays

- ☑ Structural upswing in global defence spending
- ☑ Industry shift toward higher-value, technology-intensive defence products
- ☑ Expansion of artillery and ammunition demand globally
- ☑ Rapid growth in international mining and industrial explosives demand
- ☑ Capacity expansion backed by strong order visibility

- ☑ Raw material supply volatility amid global supply chain disruptions
- ☑ Stringent explosives and defence regulations
- ☑ Geopolitical risks can impact exports
- ☑ Safety and environmental risks inherent to explosives manufacturing
- ☑ Technology development and competitive intensity

Management Profile

Mr. Satyanarayan Nandlal Nuwal – Chairman & Non-Executive Director

Mr. Satyanarayan started his career in the explosive industry in the 1980s and founded Solar Industries India in 1995. The company began as a small-scale manufacturer. Today, SOIL supplies to mining, infrastructure and different sectors. Mr. Satyanarayan's contributions have been widely recognized, most notably with the Padma Shri award in 2026 for his outstanding work in trade and industry.

Mr. Manish Satyanarayan Nuwal – Managing Director and CEO

He is a qualified Chartered Accountant. His dynamic and entrepreneurial vision has driven Solar Group into becoming a global leader in the explosives and ammunition industry. He plays a key role in business planning, commercial and technical aspects. His value-driven approach underlines his strong commitment to fair and ethical business practices.

Mr. Suresh Menon – Executive Director

He holds a Bachelor of Technology (Hons) in Mining Engineering from IIT, Kharagpur. Mr. Menon is associated with Solar Group for past 15 years. He has over 40 years of experience in the coal, mining and explosives industries. He monitors SOIL's market operations at domestic and global levels.

Mr. Milind Deshmukh – Executive Director

He is a commerce graduate from Mumbai University (1987) and has completed his postgraduation in management (1989). He has worked with various organizations such as Phillips India as an area manager and Wipro as regional manager. He has also worked with Credcom as general manager for West Africa before joining Solar Group's African subsidiaries in 2010 as director. He has a deep understanding of global business dynamics, across geographical markets and regulatory jurisdictions.

Ms. Shalinee Mandhana – Joint CFO

Ms. Mandhana a qualified Chartered Accountant, Company Secretary, and holds DISA, CISA & CAIIB certifications. She became Joint CFO in May'21, after internal progression from Deputy General Manager (DGM) – Finance (Nov'16-Apr'21). In her corporate career spanning 20+ years, she has extensive experience in corporate banking and finance, planning and budgeting, investor relations, treasury and forex management.

Mr. Moneesh Agrawal – Joint CFO

Mr. Agrawal is a qualified Chartered Accountant and a commerce graduate. Before becoming Joint CFO of Solar Group in May'21, he was heading the accounts and audit functions of the company. In his corporate career spanning 19 years, he has extensive experience in Global Financial Accounting & Reporting functions.

Financial and valuation

Consolidated Income Statement (INR m)

Y/E March	2023	2024	2025	2026	2027E	2028E	2029E	2030E
Net Sales	**69,225**	**60,695**	**75,403**	**98,377**	**1,41,172**	**3,18,348**	**3,62,000**	**4,06,786**
Change (%)	75.4	-12.3	24.2	30.5	43.5	125.5	13.7	12.4
Raw Materials	43,424	31,962	39,073	48,937	70,225	2,00,735	2,24,280	2,48,837
Gross Profit	**25,802**	**28,734**	**36,330**	**49,440**	**70,947**	**1,17,613**	**1,37,720**	**1,57,949**
Employee Cost	3,527	4,335	6,001	8,450	10,038	18,483	21,316	25,184
Other Expenses	9,385	10,707	10,725	14,772	21,198	33,427	38,010	42,713
Total Expenditure	**56,336**	**47,003**	**55,799**	**72,159**	**1,01,462**	**2,52,645**	**2,83,606**	**3,16,733**
% of Net Sales	81.4	77.4	74.0	73.3	71.9	79.4	78.3	77.9
EBITDA	**12,889**	**13,692**	**19,604**	**26,218**	**39,710**	**65,704**	**78,394**	**90,053**
Margin (%)	18.6	22.6	26.0	26.7	28.1	20.6	21.7	22.1
Depreciation	1,282	1,434	1,815	2,509	3,584	7,768	8,899	9,499
EBIT	**11,607**	**12,258**	**17,789**	**23,709**	**36,126**	**57,936**	**69,495**	**80,553**
Interest	904	1,094	1,165	1,340	1,340	11,226	10,288	8,038
Other Income	315	445	708	1,280	927	507	728	1,218
PBT Before EO Exp	**11,019**	**11,609**	**17,332**	**23,650**	**35,714**	**47,217**	**59,935**	**73,733**
EO Items	0	0	0	0	0	0	0	0
PBT After EO Exp	**11,019**	**11,609**	**17,332**	**23,650**	**35,714**	**47,217**	**59,935**	**73,733**
Tax	2,904	2,861	4,508	6,286	9,286	12,277	15,584	19,172
Rate (%)	26.4	24.6	26.0	26.6	26.0	26.0	26.0	26.0
MI & P/L of Asso. Cos	-543	-390	-729	-588	-647	-711	-782	-860
Reported PAT	**7,572**	**8,359**	**12,094**	**16,776**	**25,781**	**34,228**	**43,569**	**53,701**
Change (%)	71.6	10.4	44.7	38.7	53.7	32.8	27.3	23.3
Adjusted PAT	**7,572**	**8,359**	**12,094**	**16,776**	**25,781**	**34,228**	**43,569**	**53,701**
Change (%)	71.6	10.4	44.7	38.7	53.7	32.8	27.3	23.3

Consolidated Balance Sheet (INR m)

Y/E March	2023	2024	2025	2026	2027E	2028E	2029E	2030E
Share Capital	181	181	181	181	181	181	181	181
Reserves	25,922	32,875	43,682	62,591	87,467	1,20,790	1,63,454	2,16,250
Net Worth	**26,103**	**33,056**	**43,863**	**62,772**	**87,648**	**1,20,971**	**1,63,635**	**2,16,431**
Minority Interest	1,404	1,217	1,503	2,717	3,367	4,082	4,868	5,734
Loans	11,692	11,050	9,396	14,678	14,678	1,49,678	1,24,678	89,678
Deffered Tax Liability	314	376	632	858	858	858	858	858
Capital Employed	**39,514**	**45,698**	**55,394**	**81,025**	**1,06,551**	**2,75,589**	**2,94,039**	**3,12,701**
Gross Fixed Assets	21,705	25,418	32,985	47,482	67,482	2,14,982	2,29,982	2,44,982
Less: Depreciation	5,084	5,810	7,592	9,738	13,322	21,089	29,989	39,488
Net Fixed Assets	**16,622**	**19,607**	**25,393**	**37,745**	**54,161**	**1,93,893**	**1,99,994**	**2,05,494**
Capital WIP	2,794	4,874	7,034	6,918	6,918	6,918	6,918	6,918
Investments	985	3,699	6,763	1,827	1,827	1,827	1,827	1,827
ROU Assets	290	372	422	612	612	612	612	612
Goodwill	133	322	1,142	2,095	2,095	2,095	2,095	2,095
Curr. Assets	**28,264**	**26,896**	**40,303**	**58,130**	**78,681**	**1,72,801**	**1,99,213**	**2,26,802**
Inventory	10,980	8,468	10,400	17,419	24,996	56,366	64,095	72,025
Debtors	8,253	8,449	12,386	18,579	26,660	60,120	68,364	76,822
Cash & Bank Balance	2,601	2,873	7,255	5,841	3,647	3,597	6,808	10,593
Loans & Advances	289	358	346	390	559	1,261	1,434	1,611
Other Current Assets	6,141	6,749	9,916	15,901	22,819	51,457	58,513	65,752
Current Liab. & Prov.	**9,574**	**10,072**	**25,661**	**26,302**	**37,744**	**1,02,557**	**1,16,620**	**1,31,048**
Creditors	4,885	5,527	8,871	9,170	13,159	47,117	53,577	60,206
Other Liabilities	4,521	4,356	16,498	16,706	23,973	54,060	61,473	69,078
Provisions	168	189	292	427	612	1,380	1,570	1,764
Net Current Assets	**18,690**	**16,824**	**14,642**	**31,827**	**40,937**	**70,244**	**82,593**	**95,754**
Application of Funds	**39,514**	**45,698**	**55,394**	**81,025**	**1,06,551**	**2,75,589**	**2,94,039**	**3,12,701**

Financial and valuation

Ratios

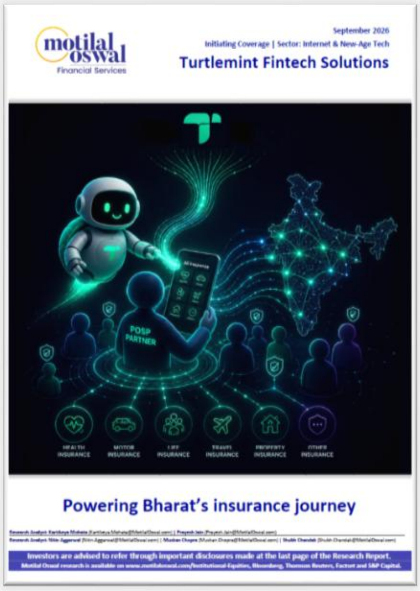
Y/E March	2023	2024	2025	2026	2027E	2028E	2029E	2030E
Basic (INR)	83.7	92.4	133.7	185.4	284.9	378.3	481.5	593.5
Adjusted EPS	**83.7**	**92.4**	**133.7**	**185.4**	**284.9**	**378.3**	**481.5**	**593.5**
Growth (%)	71.6	10.4	44.7	38.7	53.7	32.8	27.3	23.3
Cash EPS	97.8	108.2	153.7	213.1	324.5	464.1	579.8	698.4
Book Value	288.5	365.3	484.7	693.7	968.6	1,336.8	1,808.3	2,391.8
DPS	7.5	8.0	8.5	10.0	10.0	10.0	10.0	10.0
Payout (incl. Div. Tax.)	9.0	8.7	6.4	5.4	3.5	2.6	2.1	1.7
Valuation (x)								
P/E (consolidated)	221.7	200.9	138.8	100.1	65.1	49.1	38.5	31.3
Cash P/E	189.6	171.5	120.7	87.1	57.2	40.0	32.0	26.6
EV/EBITDA	131.0	123.2	85.8	64.4	42.6	27.8	22.9	19.5
EV/Sales	24.4	27.8	22.3	17.2	12.0	5.7	5.0	4.3
Price/Book Value	64.3	50.8	38.3	26.7	19.2	13.9	10.3	7.8
Dividend Yield (%)	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Profitability Ratios (%)								
RoE	29.0	25.3	27.6	26.7	29.4	28.3	26.6	24.8
RoCE	22.2	20.9	24.7	22.6	25.7	15.7	17.7	19.4
RoIC	23.8	23.6	31.8	23.7	26.4	15.9	18.0	19.9
Turnover Ratios								
Debtors (Days)	44	51	60	69	69	69	69	69
Inventory (Days)	58	51	50	65	65	65	65	65
Creditors. (Days)	26	33	43	34	34	54	54	54
Asset Turnover (x)	1.8	1.3	1.4	1.2	1.3	1.2	1.2	1.3
Fixed Asset Turnover (x)	3.2	2.4	2.3	2.1	2.1	1.5	1.6	1.7
Leverage Ratio								
Net Debt/Equity (x)	0.3	0.2	0.0	0.1	0.1	1.2	0.7	0.4

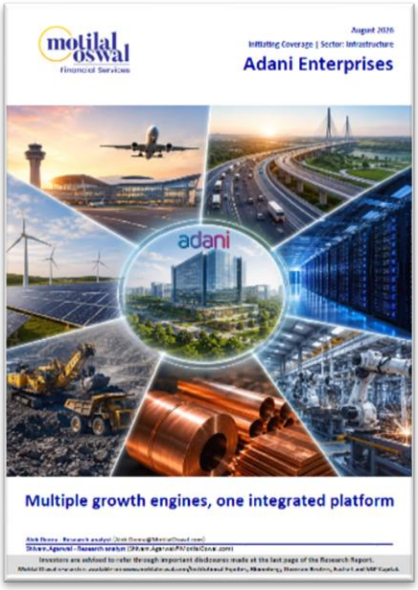
Consolidated Cash Flow Statement (INR m)

Y/E March	2023	2024	2025	2026	2027E	2028E	2029E	2030E
PBT before EO Items	**11,019**	**11,609**	**17,332**	**23,650**	**35,067**	**46,506**	**59,153**	**72,873**
Add : Depreciation	1,282	1,434	1,815	2,509	3,584	7,768	8,899	9,499
Interest	904	1,094	1,165	1,340	1,340	11,226	10,288	8,038
Less : Direct Taxes Paid	2,544	2,996	4,031	6,625	9,286	12,277	15,584	19,172
(Inc)/Dec in WC	5,267	-1,804	-8,144	15,773	11,304	29,357	9,139	9,376
Others	1,172	1,115	251	1,108	-927	-507	-728	-1,218
CF from Operations	**6,565**	**14,060**	**24,676**	**6,209**	**18,473**	**23,359**	**52,889**	**60,645**
(Inc)/Dec in FA	-4,731	-5,485	-10,011	-16,933	-20,000	-1,47,500	-15,000	-15,000
Free Cash Flow	**1,834**	**8,576**	**14,665**	**-10,724**	**-1,527**	**-1,24,141**	**37,889**	**45,645**
(Pur)/Sale of Investments	-460	-1,870	-2,840	5,508	0	0	0	0
Others	1	81	-3,081	-213	927	507	728	1,218
CF from Investments	**-5,190**	**-7,273**	**-15,932**	**-11,638**	**-19,073**	**-1,46,993**	**-14,272**	**-13,782**
(Inc)/Dec in Net Worth	0	0	0	0	0	0	0	0
(Inc)/Dec in Debt	2,787	-1,556	-2,392	4,898	0	1,35,000	-25,000	-35,000
Less : Interest Paid	866	1,307	1,182	1,469	1,340	11,226	10,288	8,038
Dividend Paid	679	724	769	905	905	905	905	905
Others	-61	-116	-420	-429	650	715	786	865
CF from Fin. Activity	**1,182**	**-3,703**	**-4,764**	**2,095**	**-1,595**	**1,23,584**	**-35,407**	**-43,078**
Inc/Dec of Cash	**2,557**	**3,084**	**3,980**	**-3,335**	**-2,194**	**-50**	**3,211**	**3,785**
Add: Beginning Balance	847	2,450	2,590	5,904	5,841	3,647	3,597	6,808
Other Bank Balances	-803	-2,662	685	3,272	0	0	0	0
Closing Balance	**2,601**	**2,873**	**7,255**	**5,841**	**3,647**	**3,597**	**6,808**	**10,593**

NOTES

RECENT INITIATING COVERAGE REPORTS





Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

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