PL Capital
PRABHUDAS LILLADHER

Solar Industries India (SOIL IN)

Rating: Not Rated | CMP: Rs13,307 | TP: NA

December 3, 2025

Visit Update

Key Financials - Consolidated

Y/e Mar	FY22	FY23	FY24	FY25
Sales (Rs. m)	39,476	69,225	60,695	75,403
EBITDA (Rs. m)	7,473	12,889	15,371	19,604
Margin (%)	*18.9*	*18.6*	*25.3*	*26.0*
PAT (Rs. m)	4,413	7,572	8,359	12,094
EPS (Rs.)	48.8	83.7	92.4	133.7
Gr. (%)	*59.7*	*71.6*	*10.4*	*44.7*
DPS (Rs.)	6.0	8.0	8.5	10.0
Yield (%)	*0.0*	*0.1*	*0.1*	*0.1*
RoE (%)	*25.3*	*33.5*	*28.3*	*31.4*
RoCE (%)	*23.8*	*35.0*	*30.0*	*31.2*
EV/Sales (x)	30.7	17.5	19.9	16.1
EV/EBITDA (x)	162.0	93.9	78.8	61.8
PE (x)	272.9	159.0	144.0	99.6
P/BV (x)	62.90	46.1	36.4	27.5

Key Data	SLIN.BO | SOIL IN
52-W High / Low	Rs.17,820 / Rs.8,483
Sensex / Nifty	85,138 / 26,032
Market Cap	Rs.1,203.9bn/ $ 13,457.4m
Shares Outstanding	90.5m
3M Avg. Daily Value	Rs.1,551.1m

Shareholding Pattern (%)

Promoter's	73.15
Foreign	7.11
Domestic Institution	12.89
Public & Others	6.85
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(6.0)	(20.0)	27.3
Relative	(7.9)	(25.9)	18.7

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

Prathmesh Salunkhe
prathmeshsalunkhe@plindia.com | 91-22-66322324

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

Defense to propel future growth

We visited Solar Industries India's (SOIL) manufacturing facility in Nagpur and engaged with the management discussing the company's financial and operational performance, capacity expansion plans, and growth outlook. We believe SOIL is strategically positioned for growth driven by strong execution and order prospects across its Defense and Explosive businesses. SOIL has been strategically expanding its global footprint over the years and caters to >91 countries across globe. In the explosives segment, SOIL has positioned itself as a market leader with >25% domestic market share in coal mining. With strong order prospects in Ammunition, UAV's, Rockets and Missiles from both domestic and international markets, SOIL is aiming to achieve Rs80bn revenue in the next 4-5 years. SOIL's long-term growth prospects remain strong led by capacity expansion, acquisitions & increasing footprint across the globe, and expanding the Defense portfolio. The management has guided for revenue of Rs100bn with EBITDA of ~27% and capex plan of Rs20bn for FY26. The stock is currently trading at a PE of 55.5x/46.3x on FY27/28E (consensus).

We remain positive on SOIL given, 1) the Defense business driving revenue growth, 2) expanding and gaining market share in international markets for the Non-defense business, 3) its market leadership in the Explosives business, and 4) strong traction for defense products from globe market amid geopolitical tensions.

Key takeaways from management interaction:

- The management has guided revenue of Rs100bn in FY26 driven by 1) scale-up in Defense revenue to Rs30bn (vs. Rs21bn in FY25), 2) 10-12% growth in the Industrial Explosives business, and 3) expansion into new markets to deepen its global presence.

- International business (Non-defense) contributes to 35–40% of total revenue, which the company expects to sustain in the medium term. The company remains focused on commercial explosives and defense products, with operations across 8 global locations and active market development in regions including Zimbabwe, Saudi Arabia, and Kazakhstan. SOIL plans to enter new countries to further broaden its global addressable market.

- Defense business visibility remains robust with an executable order book of Rs155bn, split into (1) Rs80bn of international orders with a 4–5 year execution timeline, and (2) Rs75bn of domestic contracts, largely anchored by the Pinaka program (~Rs60bn) carrying an 8–10 year execution horizon, while the balance (~Rs15bn) comprises smaller systems and ammunition contracts. The company delivered 400 units of the loitering, UAV system Nagastra-1 in FY25, translating into Rs1.6bn in revenue, with repeat order potential remaining strong across UAVs, ammunition and heavy caliber systems.

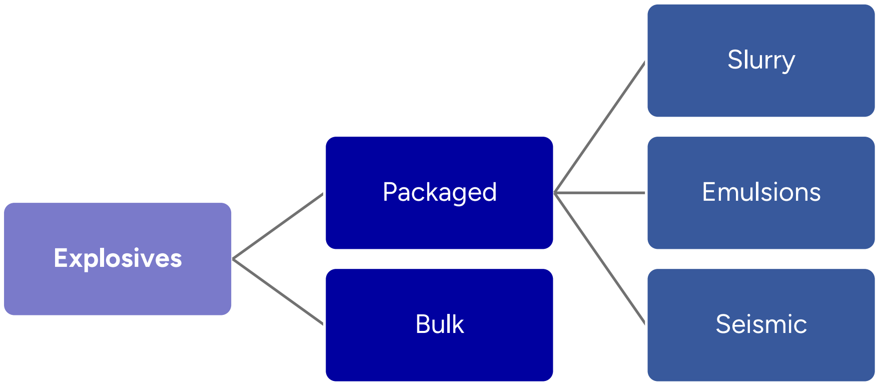
- Order book stood at ~Rs171bn in H1FY26. Of this, Defense order was Rs155bn (incl. Pinaka order of ~Rs60bn). Industrial Explosives order stood at ~Rs16bn with an execution period of ~3 years. Defense order prospects remain strong given the ammunition shortage across the globe due to geopolitical tensions, creating multi-year opportunity for the company.

- Solar Industries has signed an MoU with the Government of Maharashtra to invest about Rs127 billion over the next 10 years to scale up their defence manufacturing capabilities in Maharashtra. The expansion plan includes high-growth segments like UAV systems, counter-drone solutions, energetic materials, and next-generation explosives. They are also evaluating new product areas in future defence mobility, including military transport and aircraft.

Solar Industries India – Leader in explosives segment

We visited SOIL's mother plant in Chakdoh, Nagpur. Started in 1995, the plant manufactures and supplies a comprehensive range of **packaged, bulk explosives, Initating systems and High energy materials** designed to meet diverse requirements across mining, infrastructure, construction, defense and space sectors. SOIL procures 30-40% of ammonium nitrate, the key raw material for explosives, from domestic players like Deepak Fertilizers, GNFC and RFC, and the remaining is imported.

Exhibit 1: Types of Industrial explosives (~59% of FY25 revenue)



Source: Company, PL

Bulk explosives:

- Bulk explosives are loaded directly at the mine site using pump trucks; capacity is effectively determined by the number of pump trucks, not just the plant tonnage.
- They are used mainly for overburden removal and coal / metal ore production and are basically a non-discretionary input for large mines.
- Coal India and SCCL are the largest consumer of bulk explosive
- Typical composition mix is ~94% oxidizer (Ammonium Nitrate, Sodium Nitrate and Calcium Nitrate) with a small fuel component of ~6%, tuned for each mine's requirements.

Exhibit 2: Pump truck used to transport bulk explosives

Source: Company, PL

Packaged explosives:

- These are factory made cartridges/sticks in the form of slurry or emulsion. While slurry uses solid fuels, emulsions use liquid fuels.
- Packaged explosives are mostly used in **smaller mines, construction, tunnelling and infra blasting**.
- Transportation of packaged explosives from the plant to the site requires high compliance and secure logistics.
- Similar to bulk explosives, oxidizer proportion is typically ~94% and fuel, ~6%, though exact formulations vary by product grade and application.
- Packaged explosives are available in **various diameters & sensitivities**, compliant with safety and transport norms.

Exhibit 3: Packaged explosive products – Snapshot

Non permitted Explsoives

Permitted Explosives

Superpower Sesimic

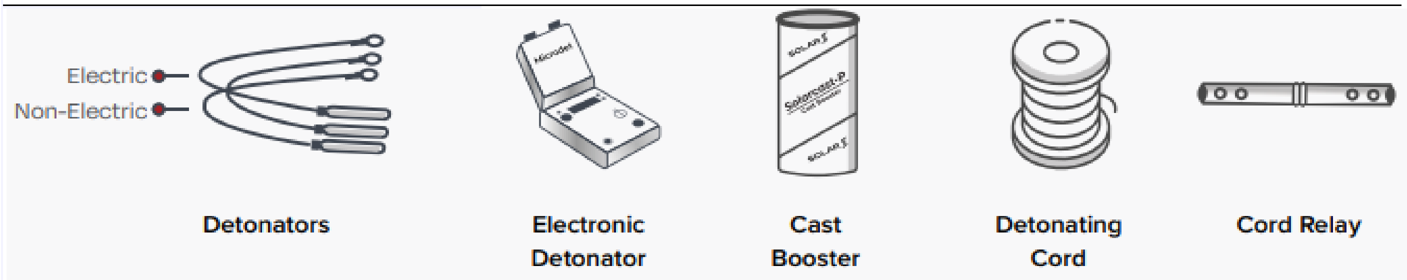
Source: Company, PL

Initiating Systems (~13% of FY25 Revenue)

- These are basically detonators and boosters required to initiate either Cartridge explosives or Bulk explosives.
- Initiating systems are used as a means of detonating the explosives and thus their demand depends on the base demand of bulk and packaged explosives

- Electronic detonators have been banned by PESO so company mainly focus on manufacturing Shock tube (Non- Electronic Detonators), Detonators Fuze, Cast boosters, DET and Cord Relay.
- This plant functions as a **global supply hub**, with products shipped to **international markets**, supporting export growth.
- Production here is highly labour-intensive, requiring a larger workforce compared to chemical explosive manufacturing.
- Lower labour cost in India makes this facility more cost-efficient

Exhibit 4: xxx

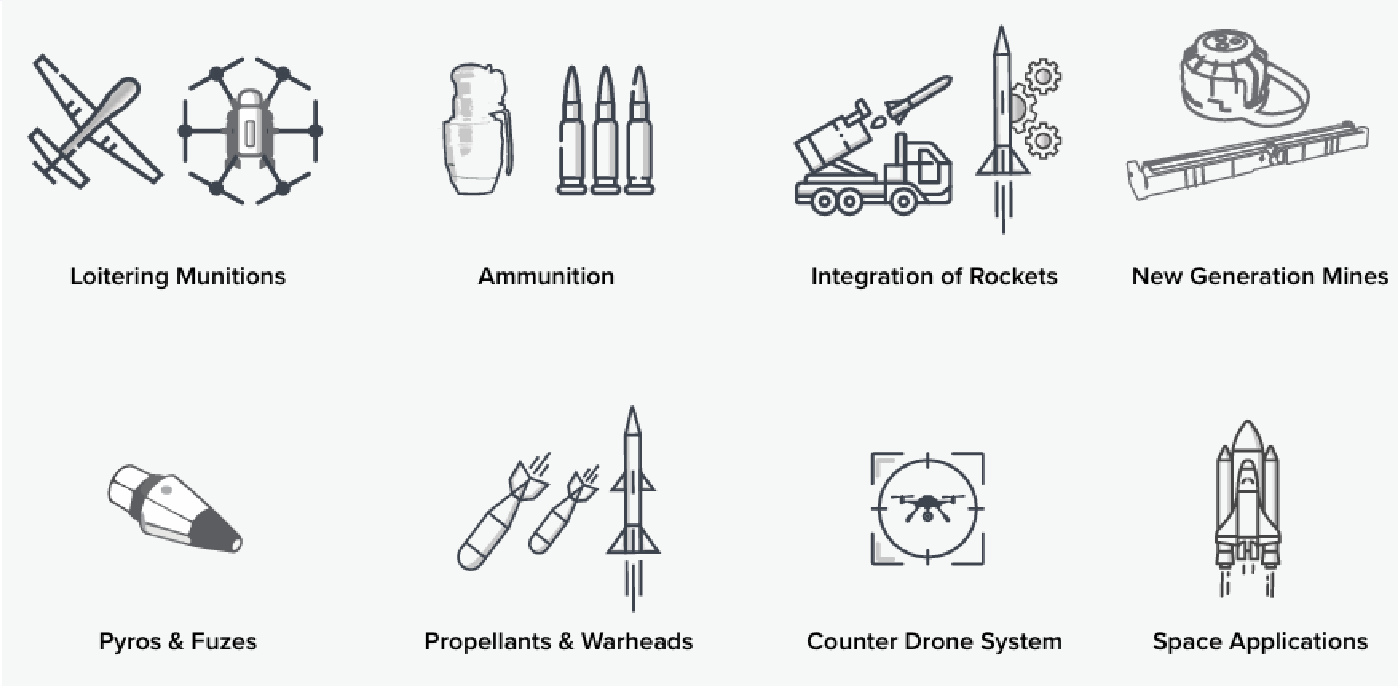


Source: Company, PL

Defense business (~28% of FY25 revenue):

- SOIL entered the defense business in 2010-11.
- In FY12-15, SOIL received the license to manufacture HMX and its compounded products, RDX & its compounded products, TNT and propellants for India's defense sector.
- In FY24, SOIL successfully supplied **fully indigenous 30mm ammunition** to the Indian Navy.
- In FY25, SOIL bagged the highest order for Pinaka rockets of ~Rs60bn.
- SOIL manufactured and **delivered Nagastra-1 in FY25**, and has started manufacturing **Nagastra-2 and Nagastra-3**, orders for which are likely to be received in the coming years.
- SOIL has also built **Bhargav Astra (anti-drone system)**, which is under trials, with 2 tests still pending
- Order prospects remain strong in high-growth defence areas, including long-endurance MALE UAVs, 155mm artillery shells, Project Khusha, boosters for the Brahmos missile system, rockets, warheads, bombs and repeat ammunition demand.
- Defense business contributed ~28% of company revenue in FY25 and is expected to reach close to 30% in FY26, scaling to about Rs30bn.

Exhibit 5: Defense products – Snapshot



Source: Company, PL

Exhibit 6: Defense products manufactured by SOIL

UAs & Drones	Nagastra 1 (Loiter munition 1)
	Nagastra 2 (Loiter munition 2)
	Rudrastra
	Payloads for Weaponization of Drones
	VTOL (Vertical take off landing)
Ammunition	Multi Mode Hand Grenades
	AT-AL Smoke Greneades
	Large and Medium Calibre
High Energy Material	HMX
	TNT
	RDX
Bombs & Warheads	Air Bomb (125kg,250kg,500kg,1000kg)
	Konkur
	Inwar Torpedos
	Ware Heads
Rockets & Missiles	Bhargavastra
	Pinaka MK-1
	Pinaka Enhnaced
	Pinaka Guided
	Booster for Bramhos
Inititating Systems & Detonix	Ignitors
	YDB-60 fuze
Chaff and Flares	118- Long Range Chaff Rocket
	118- Medium range Chaff Rocket
Mines	Tandav
	Adrushi
	M55
	M95

Source: Company, PL

High energy materials:

- These include advanced explosive molecules and casting compounds (HMX, RDX and TNT).
- These are used in **defense systems, seismic applications, oil & gas exploration, booster charges, and specialized industrial formulations.**
- Historically, there were some international collaborations for HEM, but **current commercial manufacturing is largely indigenous**, with DRDO support for defense R&D.

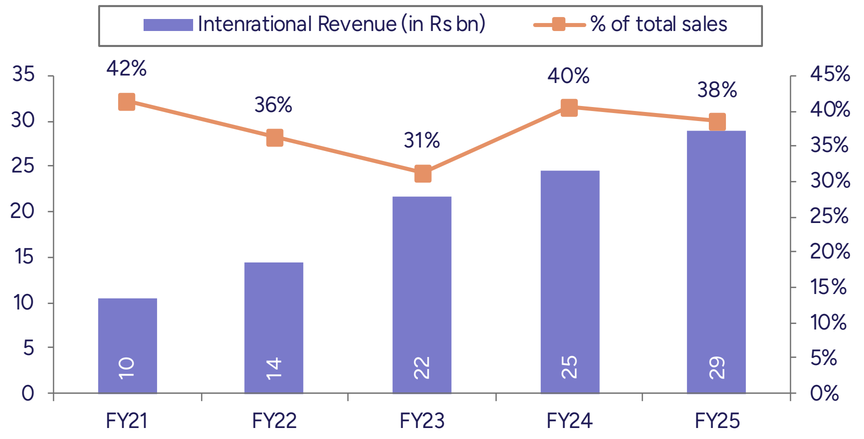
Exhibit 7: High energy materials products – Snapshot

Source: Company, PL

International Business (~38% of total revenue):

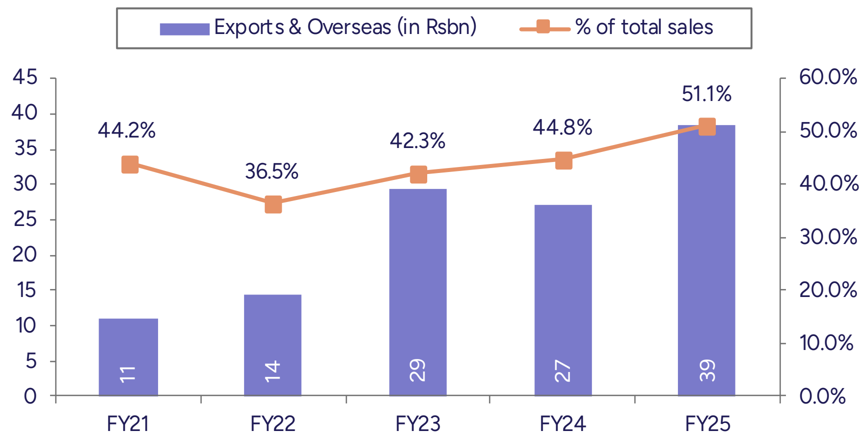
- The international business has scaled meaningfully—from **3 locations contributing ~25% of revenue in FY15** to **~38–40% today** across 8 countries
- Over the span of 25 years, it has set-up 8 manufacturing plant in overseas (Zambia, Nigeria, Turkey, South Africa, Ghana, Australia, Tanzania and Indonesia)
- In FY25, SOIL acquired Pro Blast Group (South Africa) for a consideration of ~Rs2.5bn, providing access to established mining clients
- Over the next few years, the company aims to increase their presence in countries like Zimbabwe, Saudi Arbia and Kazakhstan.
- Countries such as Turkey, South Africa, Nigeria and Zambia are the largest contributors to its international revenue, making them the core revenue-generating regions for the company outside India.
- Solar's exports and international defence order book is about Rs80bn, with an execution timeline of roughly 4–5 years
- Non-defence, the company's global business is mainly led by commercial explosives, where the focus remains on scaling mining and infrastructure blasting solutions across international markets.

Exhibit 8: International mix (Non-defense) expected to remain steady at ~40%



Source: Company, PL

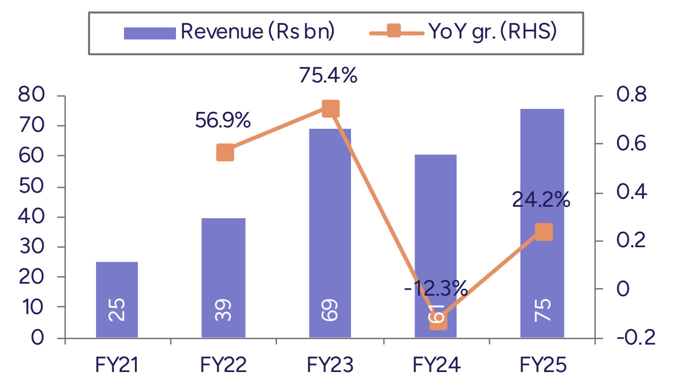
Exhibit 9: Exports & Overseas revenue mix surpasses 50% in FY25



Source: Company, PL

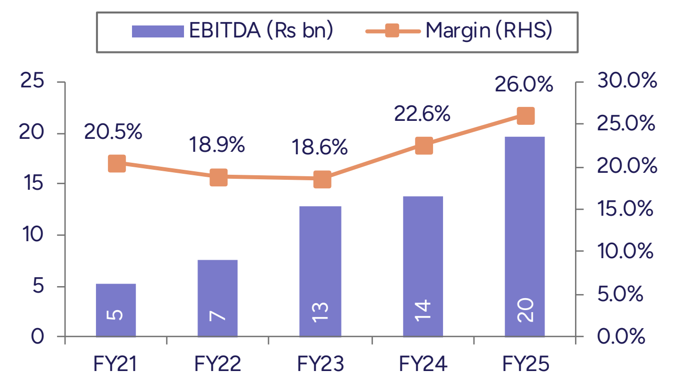
Story in Charts

Exhibit 10: SOIL clocks ~32% revenue CAGR over FY21-25



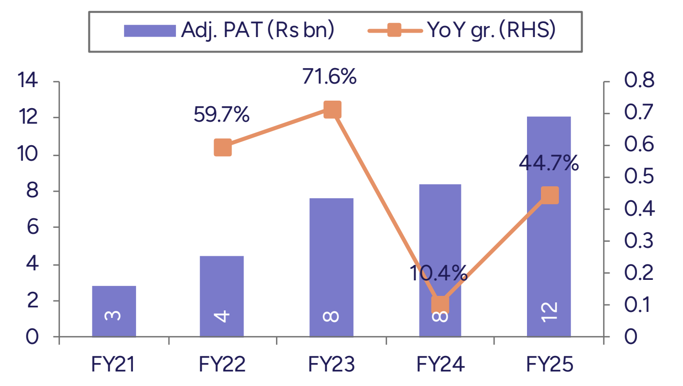
Source: Company, PL

Exhibit 11: EBITDA margin remains on expansion path



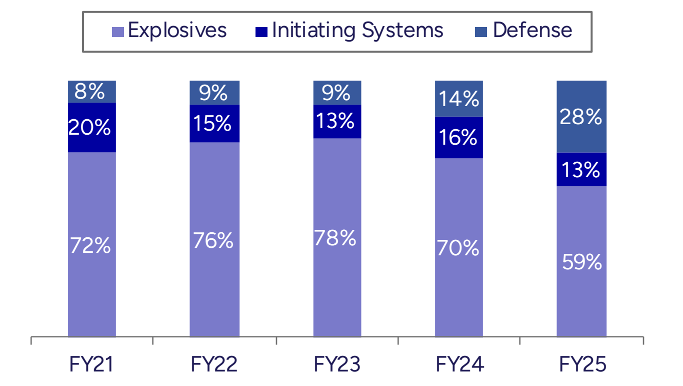
Source: Company, PL

Exhibit 12: Strong PAT CAGR of ~45% over FY21-25



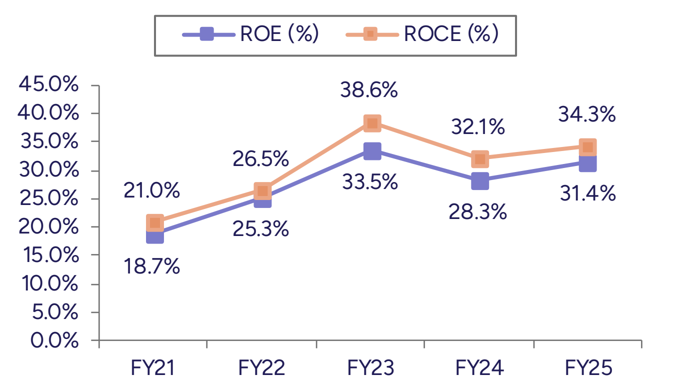
Source: Company, PL

Exhibit 13: Defense mix to reach 30% by FY26



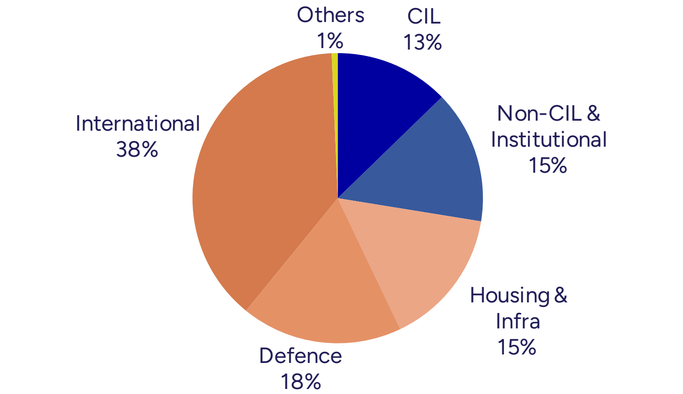
Source: Company, PL

Exhibit 14: Return ratios continue to improve, surpass ~30%



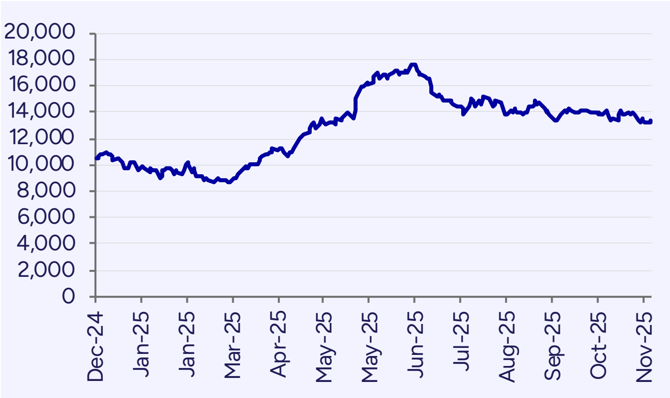
Source: Company, PL

Exhibit 15: 38% of customer mix in FY25 was international



Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,540	5,017
2	Apar Industries	Hold	9,744	9,252
3	BEML	Hold	1,982	1,987
4	Bharat Electronics	Hold	407	426
5	BHEL	Hold	250	246
6	Carborundum Universal	Hold	894	901
7	Cummins India	Hold	4,172	4,292
8	Elgi Equipments	Accumulate	561	500
9	Engineers India	BUY	255	200
10	GE Vernova T&D India	Accumulate	3,531	3,171
11	Grindwell Norton	Hold	1,744	1,676
12	Harsha Engineers International	Hold	407	388
13	Hindustan Aeronautics	BUY	5,507	4,749
14	Ingersoll-Rand (India)	Accumulate	4,271	3,804
15	Kalpataru Projects International	BUY	1,494	1,256
16	KEC International	BUY	932	768
17	Kirloskar Pneumatic Company	BUY	1,620	1,150
18	Larsen & Toubro	BUY	4,766	3,958
19	Praj Industries	Hold	353	335
20	Siemens	Accumulate	3,470	3,084
21	Siemens Energy India	Accumulate	3,566	3,163
22	Thermax	Accumulate	3,513	3,061
23	Triveni Turbine	Accumulate	609	543
24	Voltamp Transformers	BUY	10,318	7,845

PL's Recommendation Nomenclature (Absolute Performance)

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

ANALYST CERTIFICATION

(Indian Clients)

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

(US Clients)

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

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Amit Anwani- MBA (Finance), Mr. Prathmesh Salunkhe- MBA Finance, Mr. Hitesh Agarwal- MBA Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com

AMNISH AGGARWAL

Digitally signed by AMNISH AGGARWAL
DN: c=IN, o=Personal, title=1443, 2.5.4.20=21151ea12dd366d1ac370cb42343ee44b6e851c37bdbac5f86aa4ff3e6948487, postalCode=400015, st=Maharashtra, serialNumber=7a6f13691881d5a8af6353865a61b48b7040e72f4a1bf53182e368b3ca14a5e4, cn=AMNISH AGGARWAL
Date: 2025.12.03 08:43:04 +05'30'