Solar Industries (SOLIN)

ICICI Direct

CMP: ₹ 19750 | Target ₹ 23200 (17%) | Target Period: 12 months | BUY

August 14, 2026

Result Update

Scaling up, across segments…

About the stock: Solar Industries (SIL) is one of the largest domestic manufacturers of bulk and cartridge explosives, detonators, detonating cords and components which find applications in the mining, infrastructure, construction industries

- Product range includes packaged explosives, initiating systems, UAS drones, ammunitions, military explosives, rocket integration, bombs etc.
- In Q1FY27, ~37% of revenue was from international business, ~37% from defence, ~26% from industrial explosives (bulk and cartridge) and others

Investment Rationale:

- **Defence scaling up as the next leg of growth:** During Q1FY27, company recorded ~70% YoY revenue growth, led by strong growth across all the segments (domestic explosives, international operations and defence). During the quarter, domestic explosives segment grew 52% YoY while international business grew 65% YoY, benefiting from strong demand, capacity expansion, healthy volume growth along with increase in realisations. Defence segment continues to witness robust growth (~123% YoY in Q1), led by strong execution in its key contracts. Management guides defence segment revenue to reach ~₹4,500 crore in FY27 (+70% YoY). The defence order book remains robust at >₹18,000 crore, led by Pinaka ammunition, guided munitions, 155mm ammunition, loitering munitions and counter-drone systems, providing strong multi-year visibility. The company is also expanding into newer areas such as UAVs, robotics, missiles and long-range munitions, while continued capacity additions and ~₹450 crore capex already deployed in Q1FY27 support further scale-up. With FY27 revenue guidance of ₹14,000 crore implying ~42% growth
- **Global demand-supply tightness strengthens pricing and growth across explosive:** Beyond defence, Solar is benefiting from a favourable tailwind in global explosives & high-energy materials industry, with shortages of these key materials supporting higher realisations across both domestic and international markets. We understand that key raw-material prices have increased by 30–40% in the recent period, allowing revenue growth to be driven by both volume expansion and higher value per tonne. With the overall order book at ₹21,350 crore (~1.9x TTM revenue), international expansion and domestic explosives recovery, Solar has multiple growth engines beyond defence, supporting sustained revenue growth and healthy ~27–28% EBITDA margins. Longer-term growth story remains intact considering the company's future plans of investing Rs 12780 crore in phases, mainly towards developing and manufacturing UAVs, robotics platforms and next generation defence technologies

Rating and Target Price:

- We have increased our earnings estimates for FY27-28E to factor in strong execution across all the segments. We estimate revenue & PAT to grow at 30% & ~32% CAGR respectively over FY26-28E.
- We maintain BUY on Solar Industries with target price of ₹ 23,200 (based on 70x P/E on FY28E EPS)

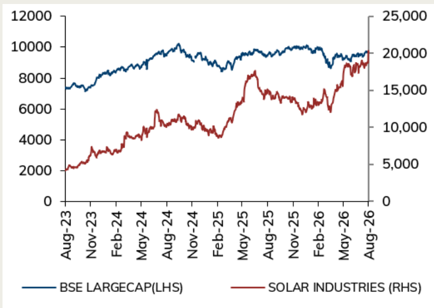
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	1,78,718
FY26 Gross Debt (₹ Crore)	1,468
FY26 Cash (₹ Crore)	584
EV (₹ Crore)	1,79,602
52 Week H/L (₹)	20400/ 11641
Equity Capital	18
Face Value	2

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	73.2	73.2	73.2	73.2
FII	7.1	6.7	6.6	6.4
DII	12.9	12.9	12.9	13.4
Others	6.8	7.2	7.4	7.1

Price Chart



Key risks

i. Dependent on govt contracts

ii. Volatility in ammonium nitrate prices

iii. Availability of key raw materials/ components

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ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	6,922.5	6,069.5	7,540.2	9,837.7	12.4	14,038.4	18,080.6	35.6
EBITDA	1,288.9	1,369.2	1,960.3	2,621.8	26.7	3,893.1	5,060.2	38.9
EBITDA margin (%)	18.6	22.6	26.0	26.7		27.7	28.0	
Net Profit	757.5	835.6	1,209.4	1,677.6	30.3	2,502.0	3,330.6	40.9
Diluted EPS (Rs)	83.7	92.3	133.7	185.4		276.5	331.4	
P/E (x)	235.9	213.9	147.8	106.5		71.4	59.6	
EV/EBITDA (x)	139.3	131.0	91.0	68.5		46.3	35.4	
RoCE (%)	29.1	26.7	27.6	27.4		33.2	35.3	
RoE (%)	29.0	25.3	27.4	25.6		30.9	29.3	

Source: Company, ICICI Direct Research

Q1FY27 Result Summary & highlights

- Revenue stood at ₹ 3,668 crore (+70.3% YoY, +20.2% QoQ), with driven by robust growth across defence and explosives businesses
- EBITDA stood at ₹31 crore (-2.2% YoY, -83.7% QoQ), while EBITDA margin declined to 27.0% (-526 bps YoY, -2,888 bps QoQ) due to the execution mix during the quarter. PAT declined 13.5% YoY (-84.1% QoQ) to ₹22 crore
- Defence to remain the key growth engine: Management remains confident in sustaining strong momentum in the defence business, supported by an order book of ₹18,000+ crore, growing indigenous product portfolio and a strong pipeline across domestic and international markets. The company expects to secure sizeable new orders in the coming quarters, with continued focus on innovation and execution.
- International business scaling up: Management expects international explosives to remain a strong growth contributor, with Q1FY27 growth of 65% YoY validating investments made to build a scalable global business. The company is accelerating expansion across international markets to capture rising global opportunities.
- Domestic explosives capacity expansion underway: The commissioning of the Dhule plant, expansion at Dholpur and North India facilities, and upcoming Odisha facility are expected to strengthen the domestic explosives footprint and enable the company to cater to rising customer demand more efficiently.
- Strong growth and investment visibility: Management remains firmly on track to achieve its ₹14,000 crore FY27 revenue guidance. With an overall order book of ₹21,350+ crore and planned capex of ₹2,050 crore for FY27, including ~₹450 crore already deployed in Q1, the company is continuing to invest ahead of demand to support multi-year growth and expand its global footprint.

Exhibit 1: Q1FY27 consolidated result overview (₹ crore)

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Net Sales	3,668.2	2,154.5	70.3	3,052.8	20.2	Strong execution across all segments
Other income	1,857.2	1,094.4		1,521.5		
Total Revenue	255.6	183.8		252.6		
Raw materials costs	540.2	341.4		452.7		
Employees Expenses	2,653.0	1,619.6		2,226.8		
Other Expenses	1,015.2	534.9	89.8	826.0	22.9	
Total Expenditure	27.7	24.8	285 bps	27.1	62 bps	Supported by favorable mix (defence & exports)
EBITDA	79.7	56.0		71.4		
EBITDA margins (%)	935.4	478.9		754.6		
Interest	41.3	27.4		41.3		
Depreciation	8.5	29.3		44.5		
Tax	8.8	-0.1		1.3		
PAT	911.4	480.8		759.0		

Source: Company, ICICI Direct Research

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Revenue	7,540	9,838	14,038	18,081
Growth YoY (%)	24.2	30.5	42.7	28.8
Raw Material Expenses	3,907	4,894	7,047	9,113
COGS	51.8	49.7	50.2	50.4
Employee Expenses	600	845	1,082	1,352
Other Expenses	1,073	1,477	2,016	2,556
Total Op. Expenditure	5,580	7,216	10,145	13,020
EBITDA	1,960	2,622	3,893	5,060
Growth YoY (%)	43.2	33.7	48.5	30.0
Interest	117	134	162	131
Other Income	71	128	79	107
PBDT	1,915	2,616	3,811	5,036
Depreciation	182	251	325	423
PBT after Excl. Items	1,739	2,365	3,486	4,613
Total Tax	451	629	924	1,222
PAT before MI	1,288	1,737	2,562	3,391
Minority Interest	78	59	60	60
PAT	1,209	1,678	2,502	3,331
Growth YoY (%)	44.7	38.7	49.1	33.1
EPS	134	185	276	331

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	1,209	1,678	2,502	3,331
Add: Depreciation	182	251	325	423
Add: Interest Paid	117	134	162	131
Cash Flow before WC changes	1,507	2,062	2,989	3,885
(Inc.)/Decrease in inventory	(193)	(702)	(489)	(494)
(Inc.)/Decrease in debtors	(394)	(619)	(642)	(670)
(Inc.)/Decrease Loan & Advances	1	(2)	-	-
(Inc.)/Decrease in CA	(135)	(263)	(133)	(102)
Net Increase in Current Ass.	(720)	(1,585)	(1,264)	(1,266)
Net Increase in Current Liab.	588	233	870	571
Net CF from op. activities	1,375	710	2,595	3,189
(Pur.)/Sale of Fixed Ass.	(948)	(1,485)	(2,000)	(2,000)
Inc / (Dec) in Df. Tax Liability	21	53	-	-
Net CF from Investing Act.	(526)	(1,731)	(2,050)	(2,199)
Proc./(Repay) Secured Loan	(166)	529	300	(800)
Proc./(Repay) Unsec. Loan	-	-	-	-
(Payment) of Dividend	(90)	(111)	-	-
Interest Paid	(117)	(134)	(162)	(131)
Net CF from Financing Act.	(405)	873	(809)	(1,006)
Net Cash flow	444	(147)	(264)	(16)
Cash and Cash Eq. (beginning)	287	731	584	320
Cash and Cash Equivalent (end)	731	584	320	304

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	18.1	18.1	18.1	18.1
Reserve and Surplus	4,375	6,531	8,086	11,342
Total Sh. funds	4,393	6,549	8,104	11,360
Secured Loan	939	1,468	1,768	968
Unsecured Loan	-	-	-	`
Total Debt	939	1,468	1,768	968
Deferred Tax Liability	219	272	272	272
Total Liabilites	6,699	9,117	10,987	13,446
Gross Block	3,327	4,824	6,516	8,516
Acc. Depreciation	857	1,108	1,433	1,856
Net Block	2,470	3,716	5,083	6,660
Capital WIP	703	692	1,000	1,000
Total Fixed Assets	3,173	4,408	6,083	7,660
Inventory	1,040	1,742	2,231	2,724
Debtors	1,239	1,858	2,500	3,170
Loans and Advances	2	4	4	4
Other Current Assets	587	850	983	1,085
Cash	731	584	320	304
Total Current Assets	3,599	5,037	6,037	7,287
Creditors	887	917	1,346	1,734
Provisions	24	40	40	40
Total Cur. Liabilities	1,568	1,801	2,671	3,242
Net Current Assets	2,031	3,236	3,366	4,045
Total Assets	6,699	9,117	10,987	13,446

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data				
Reported EPS	133.7	185.4	276.5	331.4
Cash EPS	153.7	213.1	312.4	373.5
BV per share	485.4	723.7	895.6	1,130.4
Dividend per share	10.0	11.0	16.0	18.0
Cash Per Share	94.7	122.5	158.4	184.7
Operating Ratios (%)				
EBITDA Margin	26.0	26.7	27.7	28.0
EBIT / Net Sales	23.6	24.1	25.4	25.6
PAT / Net Sales	16.0	17.0	17.8	18.4
Inventory days	50.3	64.6	58.0	55.0
Debtor days	60.0	68.9	65.0	64.0
Creditor days	42.9	34.0	35.0	35.0
Return Ratios (%)				
RoE	27.4	25.6	30.9	29.3
RoCE	27.6	27.4	33.2	35.3
RoIC	39.3	32.2	37.3	38.5
Valuation Ratios (x)				
P/E	147.8	106.5	71.4	59.6
EV / EBITDA	91.0	68.5	46.3	35.4
EV / Net Sales	23.7	18.3	12.8	9.9
Market Cap / Sales	23.7	18.2	12.7	9.9
Price to Book Value	40.7	27.3	22.1	17.5
Solvency Ratios				
Debt / EBITDA	0.5	0.6	0.5	0.2
Debt / Equity	0.2	0.2	0.2	0.1
Current Ratio	3.0	4.6	4.1	3.9
Quick Ratio	1.9	2.8	2.5	2.4

Source: Company, ICICI Direct Research

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Sell: <-15%

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