Solar Industries (SOLIN)

CMP: ₹ 18765 | Target ₹ 23200 (24%) | Target Period: 12 months | **BUY**

September 16, 2026

Company Update

ICICI Securities – Retail Equity Research

Strategic development towards long-term growth...

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.

Investment Rationale:

- **Omnia acquisition strengthens Solar's global explosives platform and opens a new leg of growth:** The proposed US$1.35 billion (~₹12,951 crore) acquisition of Omnia materially strengthens Solar's international explosives franchise, with combined annual revenue expected at ₹31,000-32,000 crore post-acquisition. The acquisition brings BME's (blasting & metallurgy solutions segment) established presence in bulk emulsions, packaged explosives, initiation systems etc. across Africa and other global markets, while Omnia's nitric acid and ammonium nitrate capabilities provide greater raw-material security and vertical integration. Solar can also leverage BME's distribution network to expand its packaged explosives and initiating systems, while Problast's down-the-hole capabilities add further synergies. With distribution reach increasing from ~90 to ~110 countries and manufacturing presence from 11 to 25+ countries, we believe the transaction as an extension of Solar's existing global expansion strategy rather than a standalone diversification. The company is also 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
- **Defence remains the key growth engine, now complemented by global scale-up:** Solar's defence business continues to scale up, with management reiterating that the ₹12,000+ crore defence capex programme remains on track and allocation towards defence will not decline. The company's expanding portfolio across UAVs, counter-drone systems, missiles and other advanced munitions, along with a strong defence order pipeline, provides visibility for sustained growth. Management expects Solar standalone revenue at ~₹14,000 crore in FY27 with 28-29% EBITDA margin. Importantly, the Omnia acquisition is not at the expense of defence investments, while the enlarged global footprint could also create additional avenues for exporting Solar's defence and explosives products.

Rating and Target Price:

- We have not factored in the Omnia's acquisition in our financials for FY27E and FY28E, as we wait for its completion post all the required approvals. Though the margins and EPS of SIL would dilute by some extent after the full consolidation in FY29E (due to lower margins of Omnia), we believe that this acquisition would generate sizable opportunities for SIL in global explosives market and would be a value-accretive deal in longer-term
- We maintain BUY on Solar Industries with target price of ₹ 23,200 (based on 70x P/E on FY28E EPS)

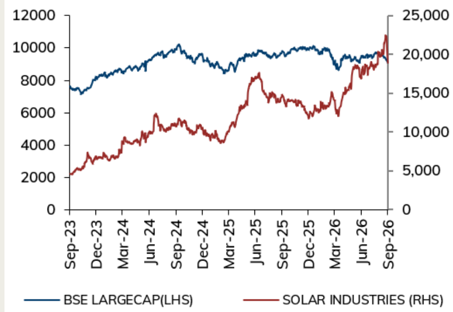
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	1,69,805
FY26 Gross Debt (₹ Crore)	1,468
FY26 Cash (₹ Crore)	595
EV (₹ Crore)	1,70,677
52 Week H/L (₹)	20400/ 11641
Equity Capital	18
Face Value	2

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	67.9	67.9	67.9	67.9
FII	3.2	2.7	3.1	2.8
DII	6.5	6.5	6.1	7.0
Others	22.4	22.9	22.9	22.3

Price Chart



Key risks

i. Dependent on govt. contracts

ii. High working capital requirements

iii. Availability of key raw materials

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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	17,037.6	31.6
EBITDA	1,288.9	1,369.2	1,960.3	2,621.8	26.7	3,835.5	4,663.4	33.4
EBITDA margin (%)	18.6	22.6	26.0	26.7		27.3	27.4	
Net Profit	757.5	835.6	1,209.4	1,677.6	30.3	2,445.2	3,007.4	33.9
EPS (Rs)	83.7	92.3	133.7	185.4		270.2	332.3	
P/E (x)	224.2	203.2	140.4	101.2		69.4	56.5	
EV/EBITDA (x)	132.4	124.5	86.5	65.1		44.7	36.6	
RoCE (%)	29.1	26.7	27.6	27.4		32.7	33.1	
RoE (%)	29.0	25.3	27.4	25.6		30.3	27.4	

Source: Company, ICICI Direct Research

Acquisition concall highlights

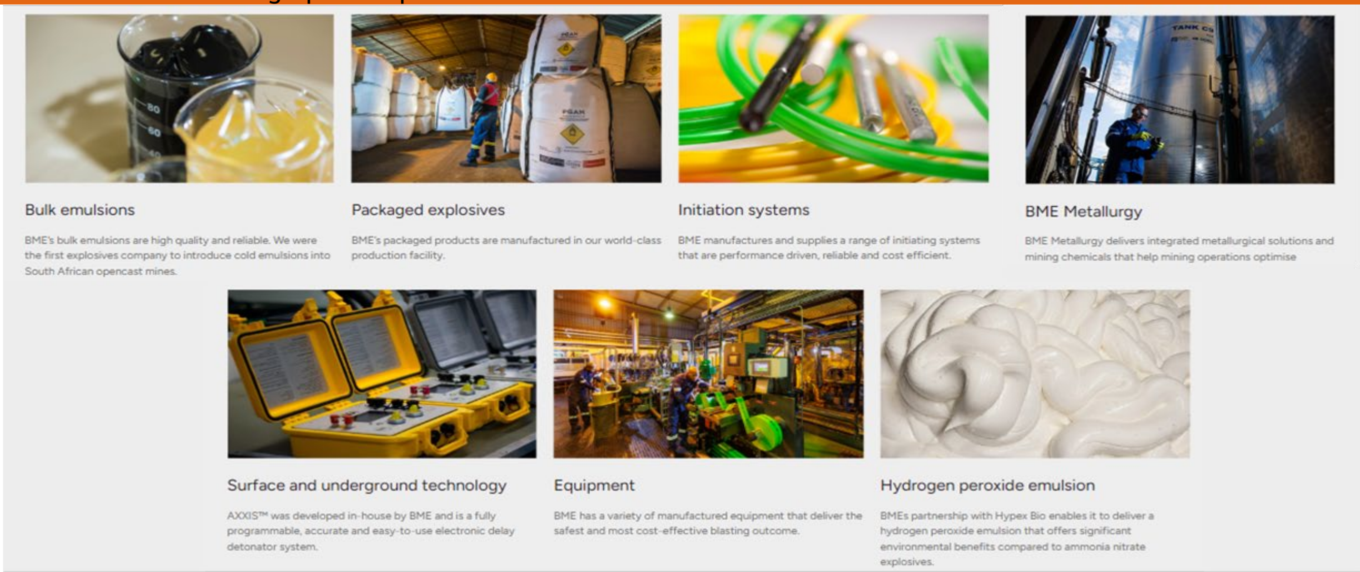
- Company has signed definitive agreements to acquire 100% of Omnia Holdings, South Africa, through its wholly owned step-down subsidiary Solar SA Investments, for US$1.35 billion; the transaction remains subject to regulatory, shareholder and other approvals.
- The acquisition is aimed at creating an integrated global platform across commercial explosives, blasting solutions and mining services, combining Solar's explosives and initiating systems with Omnia/BME's ammonium nitrate, bulk explosives, electronic detonators and blasting services.
- Omnia generated ~₹13,300 crore revenue last year, while management expects it to reach ₹15,000+ crore revenue by FY28. Solar, meanwhile, is expected to grow from ~₹14,000 crore revenue in FY27 to ~₹16,500 crore in FY28, implying consolidated revenue of ~₹31,000-32,000 crore in FY28.
- Management expects consolidated EBITDA of ₹6,800-7,000 crore in FY28, translating into an EBITDA margin of ~22-23%. Solar's FY27 revenue is expected at ~₹14,000 crore with 28-29% EBITDA margin, while Solar's FY28 standalone revenue of ~₹16,500 crore at ~29% margin would contribute ~₹4,800 crore EBITDA.
- The acquisition is expected to significantly strengthen Solar's presence in Africa, with management indicating African mining revenue could increase from ~US$300 million currently to ~US$900 million-1 billion after combining Solar and Omnia/BME operations
- Solar's distribution footprint is expected to increase from ~90 to >100 countries (~110), while its manufacturing presence could expand from 11 to 25+ countries, providing access to new markets including North America, Australia and Indonesia.
- Vertical integration is a key benefit, with Omnia's nitric acid and ammonium nitrate facilities strengthening raw-material security, while Solar's initiating systems and Problast's down-the-hole services can be cross-sold through BME's distribution network.
- BME currently operates at ~13-14% EBITDA margin, versus global explosives industry margins of ~18-19%; management sees meaningful scope for margin improvement through ammonium nitrate integration, initiating-system sales and Problast services.
- The acquisition will be funded through internal accruals and debt, with no equity dilution planned. Management expects consolidated debt to remain below 2x EBITDA, with EBITDA targeted at ₹6,800-7,000 crore by FY28.
- Solar intends to continue its defence capex programme of ~₹12,000 crore and management said capital allocation towards defence will not reduce following the acquisition.
- Omnia's agriculture business will be retained as a complementary technology-led crop nutrition, biological and aggrotech business; however, management currently has no plans to expand this business into India

Exhibit 1: Consolidated financial profile post Omnia acquisition (likely in FY29E) (₹ crore)

	Solar Industries	Omnia Holdings	Total Consolidated financials (post acquisition)
Revenue from Operations	20,445	15,500	35,945
EBITDA Margin	28%	13.00%	22%
EBITDA	5,725	2,015	7,740
PAT	3,680	930	4,610
PAT Margin	18%	6%	13%

Source: Company, ICICI Direct

Exhibit 2: Omnia Holding's product portfolio



Source: Company, ICICI Direct

Financial summary

Exhibit 3: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Revenue	7,540	9,838	14,038	17,038
Growth YoY (%)	*24.2*	*30.5*	*42.7*	*21.4*
Raw Material Expenses	3,907	4,894	7,075	8,519
COGS	*51.8*	*49.7*	*50.4*	*50.0*
Employee Expenses	600	845	1,082	1,298
Other Expenses	1,073	1,477	2,046	2,557
Total Op. Expenditure	5,580	7,216	10,203	12,374
EBITDA	1,960	2,622	3,836	4,663
Growth YoY (%)	*43.2*	*33.7*	*46.3*	*21.6*
Interest	117	134	162	144
Other Income	71	128	79	99
PBDT	1,915	2,616	3,753	4,619
Depreciation	182	251	340	440
PBT after Excl. Items	1,739	2,365	3,413	4,179
Total Tax	451	629	908	1,112
PAT before MI	1,288	1,737	2,505	3,067
Minority Interest	78	59	60	60
PAT	1,209	1,678	2,445	3,007
Growth YoY (%)	*44.7*	*38.7*	*45.8*	*23.0*
EPS	134	185	270	332
Revenue	7,540	9,838	14,038	17,038

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	1,209	1,678	2,445	3,007
Add: Depreciation	182	251	340	440
Add: Interest Paid	117	134	162	144
Cash Flow before WC changes	1,507	2,062	2,947	3,591
(Inc.)/Decrease in inventory	(193)	(702)	(489)	(337)
(Inc.)/Decrease in debtors	(394)	(619)	(642)	(487)
(Inc.)/Decrease Loan & Advances	1	(2)	-	-
(Inc.)/Decrease in CA	(135)	(263)	(133)	(40)
Net Increase in Current Ass.	(720)	(1,585)	(1,264)	(864)
Net Increase in Current Liab.	588	233	870	387
Net CF from op. activities	1,375	710	2,553	3,115
(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)	(2,147)
Proc./(Repay) Secured Loan	(166)	529	300	(800)
Proc./(Repay) Unsec. Loan	-	-	-	-
(Payment) of Dividend	(90)	(100)	-	-
Interest Paid	(117)	(134)	(162)	(144)
Net CF from Financing Act.	(405)	884	(809)	(1,019)
Net Cash flow	444	(136)	(306)	(51)
Cash and Cash Eq. (beg.)	287	731	595	289
Cash and Cash Eq. (end)	731	595	289	238

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	18.1	18.1	18.1	18.1
Reserve and Surplus	4,375	6,542	8,040	10,973
Total Sh. funds	4,393	6,560	8,058	10,991
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	9,128	10,942	13,077
Gross Block	3,327	4,824	6,516	8,516
Acc. Depreciation	857	1,108	1,448	1,888
Net Block	2,470	3,716	5,068	6,628
Capital WIP	703	692	1,000	1,000
Total Fixed Assets	3,173	4,408	6,068	7,628
Inventory	1,040	1,742	2,231	2,567
Debtors	1,239	1,858	2,500	2,987
Loans and Advances	2	4	4	4
Other Current Assets	587	850	983	1,022
Cash	731	595	289	238
Total Current Assets	3,599	5,048	6,006	6,819
Creditors	887	917	1,346	1,634
Provisions	24	40	40	40
Total Cur. Liabilities	1,568	1,801	2,671	3,058
Net Current Assets	2,031	3,247	3,335	3,761
Total Assets	6,699	9,128	10,942	13,077

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data				
Reported EPS	133.7	185.4	270.2	332.3
Cash EPS	153.7	213.1	307.8	381.0
BV per share	485.4	724.9	890.5	1,214.6
Dividend per share	10.0	11.0	16.0	18.0
Cash Per Share	94.7	122.5	160.0	208.7
Operating Ratios (%)				
EBITDA Margin	26.0	26.7	27.3	27.4
EBIT / Net Sales	23.6	24.1	24.9	24.8
PAT / Net Sales	16.0	17.0	17.4	17.7
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	30.3	27.4
RoCE	27.6	27.4	32.7	33.1
RoIC	39.3	32.2	36.6	36.1
Valuation Ratios (x)				
P/E	140.4	101.2	69.4	56.5
EV / EBITDA	86.5	65.1	44.7	36.6
EV / Net Sales	22.5	17.3	12.2	10.0
Market Cap / Sales	22.5	17.3	12.1	10.0
Price to Book Value	38.7	25.9	21.1	15.4
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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