

Equity Research Desk

ALPHA

SOLARIS

Power to Propel



Founded: 1995
HQ: Nagpur



Leading manufacturer of industrial explosives, initiating systems and defence products



Presence across 90+ countries



Product portfolio spans industrial explosives, detonators, propellants, rockets, artillery ammunition and advanced defence systems



Overseas manufacturing presence across Zambia, Nigeria, Turkey, South Africa, Ghana, Tanzania and Indonesia



Among the top five explosives companies globally



Strong presence across mining, infrastructure and defence

Subsidiaries

36 subsidiaries and 3 associates.

Growth Strategies



Defence Order Visibility

- Q1FY27 order book stands at ₹21,350 Cr
- Defence order book exceeds ₹18,000 Cr
- Includes ₹6,100 Cr Pinaka order
- Defence revenue contribution increased to ~27% in FY26
- Expanding presence across rockets, ammunition and advanced defence systems



International Expansion

- South Africa emerging as a key international hub for Solar's global expansion
- Proposed Omnia acquisition (~US\$1.41 Bn FY26 revenue) strengthens global scale and raw-material integration
- Omnia could improve supply security and cost competitiveness, with ~US\$180 Mn standalone EBITDA potential
- FY28 expected to be the first meaningful period for consolidation and integration benefits
- International Explosives contributed 37% of Q1FY27 revenue

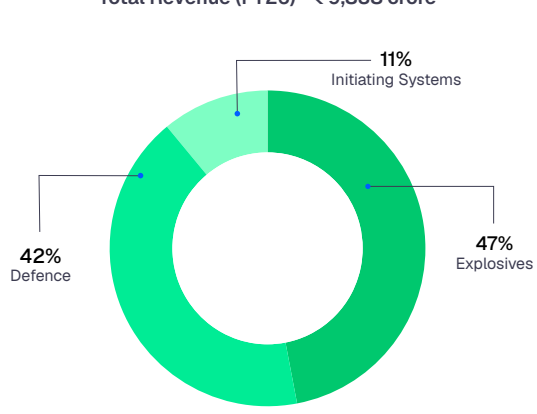


Rising Explosives Demand

- Infrastructure and mining activity supporting explosives demand
- Rising defence spending driving ammunition requirements
- India's infrastructure investment cycle provides a long-term demand opportunity
- Expansion across international explosives markets creates additional growth avenues

Revenue Breakup - FY26

Total Revenue (FY26) - ₹9,838 crore



Products & Services



Industrial Explosives

- Bulk and packaged explosives
- Detonators
- Electronic detonators
- Detonating cords
- Cast boosters



Defence Products

- HMX, RDX and TNT
- Propellants
- Rockets and artillery ammunition
- Warheads and mines
- Grenades
- Loitering munitions
- UAV and counter-drone systems



Edge: Strong explosives franchise + growing defence capabilities + global manufacturing footprint.

Financial Highlights



Q1FY27

- Revenue: ₹3,668 Cr (↑ 70.3% YoY)
- EBITDA: ₹1,024 Cr (↑ 82% YoY)
- EBITDA Margin: 27.91%
- Net Profit: ₹666 Cr (↑ 89% YoY)



FY26

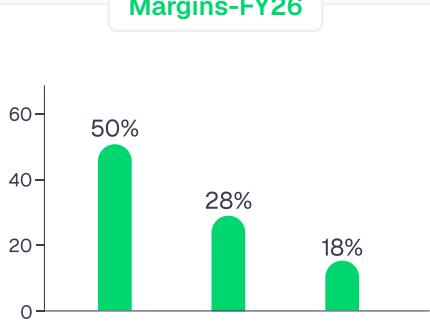
- Revenue: ₹9,838 Cr (↑ 30.5% YoY)
- EBITDA: ₹2,750 Cr (↑ 35% YoY)
- EBITDA Margin: 27.95%
- Net Profit: ₹1,737 Cr (↑ 34.8% YoY)



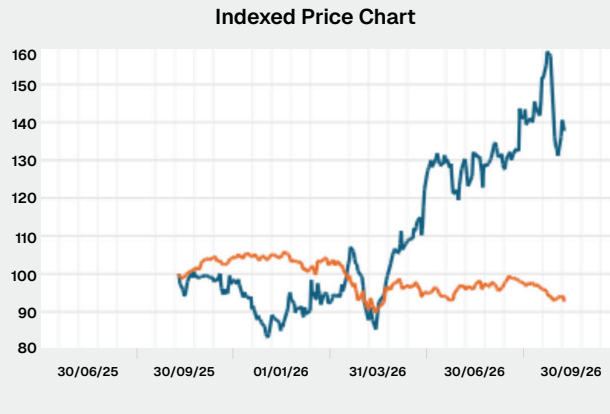
Financial Performance (3 Years)

- Revenue CAGR: ~12%
- Net Profit CAGR: ~29%
- ROE: 33%
- ROCE: 38%
- Debt-Equity: 0.26x

Margins-FY26



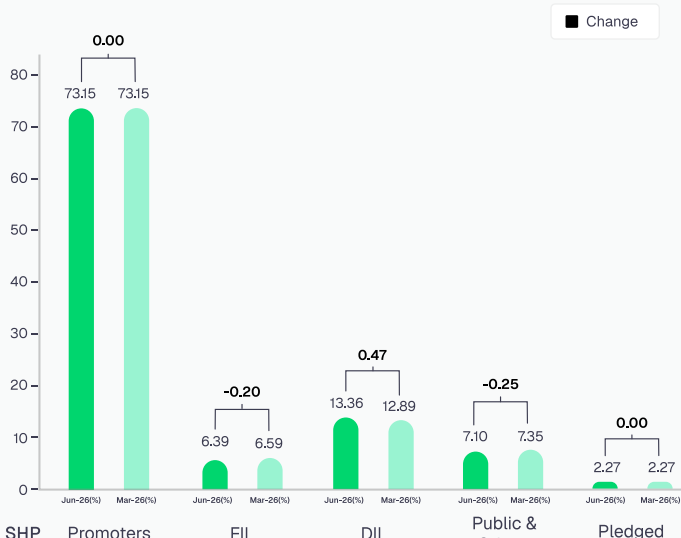
Indexed Price Chart



Market Data

CMP	₹19,745
Date	25-Sep-26
Target Price	₹23,552
Upside Potential	19%
52 Week High/Low	₹22700/11646
NSE Code	SOLARINDS
Market Cap	Large
Sector	Explosives
Rating	BUY

Shareholding Pattern



Ratios - FY26

ROE	33%
ROCE	38%
Div. Yield	0.06%
PE Ratio (x)	65.1
Face Value	2.00
EPS (₹)	185.38

Industry Outlook



India is the 6th-largest producer of chemicals globally and the 3rd-largest in Asia



The chemicals sector contributes 7% to India's GDP



Industry manufactures 80,000+ commercial products and exports to 175+ countries



India's chemicals industry is expected to reach US\$300 billion by 2028



Chemicals and petrochemicals demand is projected to nearly triple to US\$1 trillion by 2040



Chemicals and allied products exports stood at ₹1,81,568 Cr in FY26



Cumulative FDI into chemicals reached ₹1,50,339.64 Cr between April 2000 and March 2026



The specialty chemicals market is projected to grow from US\$67 billion in 2025 to US\$ 93.4 billion by 2034

Growth Drivers



Policy Support for a Regulated Sector

- 100% FDI permitted under the automatic route in the chemical sector, barring a few hazardous chemicals
- Government provision of ₹3,300 Cr for three world-class chemical parks
- MSIHC Rules to be merged with CAEPPR to strengthen safe handling of hazardous chemicals
- Supportive framework for licensed, hazardous-materials businesses such as explosives



Export Opportunity & Supply-Chain De-risking

- Global companies seeking to de-risk China-dependent supply chains create an opportunity for India's chemical sector
- India-UK FTA, signed in July 2025, removes tariffs on 99% of Indian exports
- Chemical industry among the major beneficiaries
- Solar's International Explosives business contributed 37% of Q1FY27 revenue



NMP 2.0 Infrastructure Pipeline

- National Monetisation Pipeline 2.0 launched on February 23, 2026
- Estimated monetisation potential of ₹16.72 lakh Cr over FY26-FY30
- Includes ₹5.80 lakh Cr of private-sector investment
- Covers highways, railways, coal and mines
- Supports demand for bulk explosives and initiating systems through increased infrastructure and mining activity

Competitive Advantage



- Strong position in industrial explosives
- Expanding defence product portfolio
- Presence across 90+ countries
- Global manufacturing footprint
- Backward integration capabilities
- Strong profitability and return ratios
- Large and diversified order book

Peer Analysis

Company	CMP(₹)	Mcap(₹)	ROCE	ROE	3Yr Sales CAGR	P/E	EPS (₹)
Solar Industries	19745	178036	38.00%	33.00%	12.00%	90	220.07
Premier Explosives	680	3657	23.00%	19.00%	24.00%	109	6.24
Bharat Dynamics	1140	41845	14.00%	10.00%	-1.00%	80	14.21

Outlook



FY27 revenue target of around ₹14,000 Cr



FY28 revenue expected at around ₹16,500 Cr



Standalone EBITDA expected to reach around ₹4,800 Cr by FY28



Proposed Omnia acquisition could contribute around US\$180 Mn EBITDA



Combined EBITDA could reach around ₹6,800-7,000 Cr



Combined revenue expected to exceed ₹30,000 Cr in FY28



Consolidated EBITDA margin expected around 22-23%



Management expects debt/EBITDA to remain below 2x



Recommendation: BUY | Target Price: ₹23,552

Valuation: Target price of ₹23,552, based on 76x FY28E EPS.

Maintain a 20% stop-loss from entry

SWOT Analysis



Strength

- Strong industrial explosives franchise
- Growing defence capabilities
- Global manufacturing presence
- Strong ROE and ROCE
- Diversified presence across mining, infrastructure and defence



Weakness

- Large capex requirements
- Integration and forex risks
- Potential margin dilution from Omnia acquisition



Opportunities

- Rising defence spending
- Global explosives demand
- Omnia-led international expansion
- Infrastructure and mining growth
- Greater backward integration



Threat

- Defence order execution delays
- Changes in government spending
- Acquisition integration challenges
- Commodity and input-cost volatility

Note: To read the Disclaimer and Disclosure, [click here](#)

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