DALALBYTES RESEARCH

Solar Industries India

From Explosives to a Defence Prime

India's explosives leader turned defence prime: a Rs 21,350 cr order book, 28% operating margins, and the Rs 12,951 cr Omnia bet that tests the fortress

NSE: SOLARINDS · BSE: 532725

October 16, 2026

Reference: Rs 20,080, NSE close of October 16, 2026. Founding story, segments, the Omnia acquisition, financials, competition, management, valuation vs peers, risks, and FY2029 scenarios.

© DalalBytes
Educational purposes only, not financial advice.

VERDICT

67 / 100 : Selective Positive

Solar Industries is the most complete private-sector defence story India has produced, built on top of the country's dominant industrial explosives franchise. The verified record is exceptional. Consolidated revenue rose 31% in FY26 to Rs 9,838 cr, operating profit rose 34% to Rs 2,717 cr at a 28% margin, PAT rose 35% to Rs 1,737 cr, and Q1 FY27 then accelerated again: revenue up 70% to Rs 3,668 cr, EBITDA of about Rs 1,024 cr, PAT up 89% to Rs 666 cr, defence revenue up 123% to Rs 933 cr, and an order book of Rs 21,350 cr, roughly 2.2 times FY26 revenue. Management has guided FY27 revenue to about Rs 14,000 cr. Return ratios are elite and durable: ROE of 32.6% and ROCE of 38.1% (Screener, October 2026), with five-year profit compounding of about 45% a year.

The selective part is everything the price now assumes. At Rs 20,080 the stock trades at about 91 times trailing earnings and 29 times book value, roughly 85 times FY27 estimated earnings on Bloomberg consensus cited by Mint. The balance sheet that used to be a fortress is being spent: FY26 operating cash flow fell to Rs 621 cr and free cash flow was negative Rs 1,072 cr as the cash conversion cycle stretched to 152 days, and in September 2026 the company signed an all-cash, approximately Rs 12,951 cr (US$1.355 billion) acquisition of South Africa's Omnia Holdings, a target bigger than Solar itself by revenue. The market's first verdict on that deal was a 13.6% single-day fall. Add a licensed, safety-critical industry where a December 2023 plant explosion killed nine workers, and the honest label is a great business at a demanding price, mid-way through its largest ever bet.

Back the franchise and the order book, respect the multiple and the integration risk. The base case to FY29 is a mid-teens total price gain, not a re-rating story: the return from here is delivery, on defence execution and on Omnia, quarter after quarter.

Reference price: Rs 20,080 (NSE close, October 16, 2026, per Screener). Market cap about Rs 1,81,394 cr. 52-week range Rs 11,641 - 22,700.

FY2029 targets: Bear Rs 12,500 / Base Rs 23,500 / Bull Rs 33,000. See Section 14 for assumptions.

1. SNAPSHOT

Item	Detail
Company	Solar Industries India Ltd, Nagpur, Maharashtra, India
Founded	1995 by Satyanarayan Nandlal Nuwal; manufacturing began 1996
Listed	NSE/BSE; listed since 2006 (market cap history from April 2006)

Item	Detail
Business	Industrial explosives and initiating systems; defence ammunition, rockets, warheads, propellants and drones
Scale	FY26 revenue Rs 9,838 cr (+31%); Q1 FY27 revenue Rs 3,668 cr (+70%); order book Rs 21,350 cr
Mix (FY26)	Defence about 27% of revenue; domestic explosives about 34%; international explosives about 39% (Mint, summarising company disclosures)
Balance sheet	Net worth about Rs 6,277 cr; borrowings about Rs 1,524 cr; debt to equity about 0.24
Ownership	Promoters 73.15% (June 2026, unchanged for years on Screener)
Returns	ROE 32.6%, ROCE 38.1% (Screener, October 2026)
Pending deal	Omnia Holdings (South Africa), 100% for about Rs 12,951 cr cash, signed September 14, 2026, completion expected early to mid FY28 subject to approvals

2. FOUNDING STORY: THE TRADER WHO DECIDED TO MANUFACTURE

Satyanarayan Nandlal Nuwal's route into explosives was not an engineer's route. He left school after Class 10, tried small businesses from his late teens, and found his footing in the explosives trade: supplying coal mines and working as a consignment agent for Imperial Chemical Industries (ICI), the British incumbent. The agency years taught him the two things the trade ran on, product reliability and the trust of mine managers who could not afford a failed blast. By the mid-1990s, competition among consignment agents had squeezed trading margins to the point where, as YourStory's account records, the family was mortgaging jewellery to stay liquid. Nuwal's conclusion was the founding decision: stop trading other people's explosives and manufacture his own.

Solar Industries was founded in Nagpur in 1995, with manufacturing starting in 1996, making packaged and bulk explosives and detonators for mining and infrastructure customers. The company listed in 2006. The second founding decision came a decade later and matters more. At a time when Indian defence production was a state monopoly of ordnance factories and public-sector units, and private entry was widely assumed to be blocked on security grounds, Nuwal bet that a private company making world-class product at globally competitive prices would eventually force the policy door open. Solar became the first private Indian company licensed to make defence explosives (2010 on secondary accounts), took its first ammunition licence in 2015, and then won the order that proved the thesis: the first private-sector ammunition order in Indian defence history, multi-mode hand grenades worth about Rs 450 cr. From there the defence book compounded: propellants for the Akash missile and the Pinaka rocket system, BrahMos solid propellant boosters (the first private dispatch), 30 mm naval ammunition, warheads, and on into rockets, loitering munitions and counter-drone systems.

The founder's recognition followed the record: Satyanarayan Nuwal was conferred the Padma Shri for his contribution to defence manufacturing. His son Manish Nuwal now runs the company as Managing Director and CEO. The promoter family holds 73.15%, a stake that has not moved in years. This is a founder-built, founder-controlled company in the middle of generational transition, and Section 10 grades it that way.

3. THE BUSINESSES

Industrial explosives, domestic: the cash engine

The original business remains the largest single block, about 34% of FY26 revenue on Mint's summary of company disclosures. Solar is one of India's largest makers of bulk and packaged emulsion explosives, detonators, detonating cords and initiating systems, sold to coal mining (Coal India and its subsidiaries above all), metal mining, cement and infrastructure blasting. Q1 FY27 domestic explosives revenue rose 52% to Rs 1,361 cr. The economics are those of a licensed oligopoly with service attached: explosives are delivered, loaded and often fired by the supplier's own crews and magazine infrastructure at the mine site, so the product is a service contract wearing a chemical's clothes. Switching suppliers mid-mine is operationally painful, which is the moat in this segment, graded in Section 11.

Industrial explosives, international: the second engine, about to double

International explosives were about 39% of FY26 revenue, with manufacturing or operating presence across Africa (Zambia, Ghana, Nigeria, South Africa, Tanzania), Turkey, Indonesia and Australia, and exports to dozens of countries. Q1 FY27 international revenue rose 65% to Rs 1,364 cr, level with the domestic business. This is the segment the Omnia acquisition transforms. Omnia Holdings, founded 1953 and listed in Johannesburg, reported FY26 revenue of about US$1.41 billion (about Rs 13,307 cr), operates in 23 countries with more than 70 distribution centres, and brings BME, a leading African mining explosives and blasting services brand with electronic initiation and digital blasting capability, plus integrated ammonium nitrate capacity, the key raw material Solar otherwise buys. On completion, Solar's international business becomes larger than its Indian one.

Defence: the growth engine and the valuation engine

Defence was about 27% of FY26 revenue and 25 to 26% of Q1 FY27 revenue (Rs 933 cr, up 123% year on year), and management commentary cited by Mint expects it to reach about 40% by FY30. The product span is unusually wide for a company this size: high-energy materials (HMX, RDX, TNT and compounds), ammunition filling, multi-mode hand grenades, Pinaka rockets (propellants and full system integration), BrahMos boosters, Akash propellants, warheads, pyros and fuses, and newer systems including the Bhargavastra counter-drone system and loitering munitions. The subsidiary structure runs through Solar Defence and Aerospace (formerly Economic Explosives). Defence is where the order book lives: of the Rs 21,350 cr total order book at Q1 FY27, the bulk is defence and export orders with multi-year delivery schedules. Delivery is current, not promised: in October 2026 Solar Defence and Aerospace delivered 450 Nagastra-1R loitering munitions in a single batch under a Rs 158 cr contract. Defence margins and growth are the reason the stock trades where it does; defence execution risk is graded in Sections 9 and 11.

4. THE FLYWHEEL: LICENCES, MAGAZINES, ENERGETICS, REPEAT

Solar's model has four repeating elements. First, licensing as an asset: explosives and defence production in India are licence-gated on safety and security grounds, and every licence, magazine approval and product qualification takes years, so the installed licence base is a compounding barrier that money alone cannot shortcut. Second, site-level lock-in: bulk explosives are supplied through company-run infrastructure at customer sites, embedding Solar in the customer's daily production rather than in a purchase order queue. Third, the energetics technology ladder: the same chemistry base climbs from bulk mining explosives to packaged products to initiating systems to military high explosives to filled ammunition to complete rocket and drone systems, each step raising margin and qualification depth. Fourth, the cash loop, now being tested: the domestic explosives engine historically threw off cash at 30% plus return on capital, funding the defence build-out and the international footprint without heavy debt. FY26 broke the pattern (Section 7), and the Omnia deal spends the accumulated strength in one transaction. Whether the flywheel resumes after integration is the central question of this report.

5. THE OMNIA BET: BUYING A COMPANY BIGGER THAN ITSELF

On September 14, 2026, Solar's step-down subsidiary Solar SA Investments signed a definitive agreement to acquire 100% of Omnia Holdings at ZAR 134.5 per share in cash, about US$1.355 billion or Rs 12,951 cr, a premium of about 31% to Omnia's September 10 close. Omnia will be delisted from the Johannesburg Stock Exchange on completion, expected early to mid FY28 subject to regulatory, competition and shareholder approvals.

The strategic logic is coherent and should be stated fairly. BME gives Solar the leading African blasting platform in one step, with electronic detonators and digital blasting technology Solar has been building toward. Omnia's ammonium nitrate and nitric acid infrastructure secures the single most important raw material in explosives, upstream. The combined group becomes one of the world's largest commercial explosives platforms, with operations in 23 countries. Solar already operates in South Africa (a distribution platform from 2015, a Middelburg plant from 2017, and the 2024 ProBlast acquisition), so this is expansion, not first entry.

The frictions are equally clear. The deal is all cash, roughly Rs 12,951 cr against a net worth of about Rs 6,277 cr, so it will be substantially debt-funded and will end the debt-light era whatever structure is chosen. Omnia is not a pure explosives company: it carries a large agriculture (crop nutrition) business whose economics are cyclical and unfamiliar. Integration spans 23 countries and a listed-company culture in South Africa. And the equity market has already voted once: the stock fell 13.64% on September 15, 2026, closing at Rs 19,250, wiping out in a day much of the re-rating the defence story had built. None of this makes the deal wrong. It makes it the single largest determinant of the next three years, and it is why the Iron Fortress and Free Cash Flow pillars in the companion analysis no longer grade as passes.

6. FINANCIALS: FIVE YEARS OF COMPOUNDING, ONE WORKING CAPITAL WARNING

Consolidated figures (Screener.in, consistent with company results):

Fiscal year	Revenue (Rs cr)	Operating profit (Rs cr)	OPM %	PAT (Rs cr)	EPS (Rs)
FY22	3,948	748	19%	455	48.77
FY23	6,918	1,336	19%	811	83.68
FY24	6,070	1,482	24%	875	92.38
FY25	7,540	2,026	27%	1,288	133.65
FY26	9,838	2,717	28%	1,737	185.38
TTM to Q1 FY27	11,351	3,101	27%	2,050	220.06

Read the arc honestly, including the odd year. FY23 revenue spiked 75% on ammonium nitrate price inflation passing through explosives realisations, then FY24 revenue fell 12% as prices normalised, even as operating profit rose because mix shifted toward defence and margin expanded from 19% to 24%. FY25 and FY26 are the clean compounding years: revenue up 24% and 31%, operating margin to 27% and 28%, PAT up 47% and 35%. Profit has compounded at about 45% a year over five years and about 30% over three (Screener). The margin structure is the story inside the story: this is no longer a commodity explosives P and L. Defence and international mix has rebuilt it into a high-20s operating margin business with ROE in the low 30s.

Q1 FY27 is the strongest quarter in the series: revenue of Rs 3,668 cr, up 70% year on year (total revenue from operations of Rs 3,888 cr on the Kotak summary of the filing, including other operating items), EBITDA of about Rs 1,024 cr at a margin of about 28%, and PAT of Rs 666 cr, up 89% on the consolidated net profit measure (Rs 653 cr attributable on some summaries). Defence grew 123%, international 65%, domestic 52%. Against management's FY27 revenue guidance of about Rs 14,000 cr, Q1 delivered 26% of the full-year number in the first quarter. The order book of Rs 21,350 cr is the quantitative support for guidance: about 2.2 times FY26 revenue and about 1.5 times the FY27 guide.

The balance sheet paragraph is where the tone changes. Borrowings were about Rs 1,524 cr at FY26 end against net worth of about Rs 6,277 cr, a debt to equity of about 0.24, which in isolation is comfortable. But the working capital cycle stretched hard in FY26: debtor days rose to 69, inventory days to 130, and the cash conversion cycle to 152 days, from 111 in FY25 (Screener ratios). Growth, especially defence and export growth, is being funded with the company's own balance sheet. Section 7 prices that.

7. CASH FLOW AND CAPITAL ALLOCATION: THE YEAR THE CASH STOPPED

Fiscal year	Operating cash flow (Rs cr)	Free cash flow (Rs cr)	Dividend payout
FY24	1,406	858	9%
FY25	2,468	1,466	7%
FY26	621	-1,072	6%

Free cash flow is Screener's series. The longer record is genuinely strong: free cash flow was positive every year in the Screener series through FY25, and FY25 delivered Rs 1,466 cr on operating cash flow of Rs 2,468 cr. FY26 is the break: operating cash flow fell to Rs 621 cr despite PAT of Rs 1,737 cr, a cash conversion (CFO to EBITDA) of about 47% against 142% in FY25, and free cash flow turned negative Rs 1,072 cr as working capital absorbed the growth and capex continued (fixed assets rose to about Rs 4,006 cr with Rs 731 cr of capital work in progress). One year of growth-funded working capital does not break a franchise, and defence receivables from government customers are slow, not bad. But the timing matters: the cash trough year is the same year the company committed Rs 12,951 cr of cash to Omnia.

Capital allocation otherwise has been founder-disciplined and retention-heavy: the dividend payout has been cut steadily to 6% of earnings (dividend yield 0.05%), with essentially all earnings retained for capacity and, now, acquisition. Smaller bolt-ons continue alongside the big deal: in October 2026 a subsidiary agreed to acquire Sivasakthi Industrial Explosives for Rs 115.02 cr, and a Botswana step-down subsidiary was incorporated in September 2026. The allocation question for the next three years is singular: Omnia's return on Rs 12,951 cr against the debt taken to fund it. This report grades capital allocation on that deal from here.

8. STRENGTHS

What to watch

The Omnia closing terms, the cash conversion cycle after FY26 hit 152 days, and defence order conversion decide whether a 91x multiple has anywhere to go.

- 1. **The order book is verified and large.** Rs 21,350 cr at Q1 FY27, about 2.2 times FY26 revenue, underwrites the FY27 revenue guide of about Rs 14,000 cr and gives multi-year visibility few Indian industrials can match.
- 2. **Margin and return structure of a franchise, not a commodity maker.** Operating margin rebuilt from 19% (FY22 and FY23) to 28% (FY26), ROE of 32.6%, ROCE of 38.1%, profit compounding of about 45% a year over five years.
- 3. **Licence and qualification moat.** Defence and explosives licences, magazine infrastructure at customer sites, and product qualifications (Pinaka, BrahMos boosters, grenades) that took a decade to assemble and cannot be bought quickly.
- 4. **Mix shift still running.** Defence at about 27% of revenue and guided by market commentary toward about 40% by FY30, international at about 39% and about to consolidate Omnia's BME platform and

ammonium nitrate integration.

- 5. **Founder alignment.** Promoters hold 73.15%, unchanged for years, with the founder's Padma Shri recognition and a second generation already in the chief executive seat.
- 6. **Q1 FY27 execution.** Revenue up 70%, PAT up 89%, all three segments growing 50% plus, in the quarter the Omnia deal was being negotiated. The core did not wobble while management shopped.

9. WEAKNESSES AND RISKS

- 1. **Valuation assumes the story.** At about 91 times trailing earnings, 29 times book value and roughly 85 times FY27 estimated earnings, a single year of defence slippage, order delays or Omnia indigestion de-rates earnings and multiple together. The stock fell 13.64% in one session on the acquisition announcement alone.
- 2. **The Omnia transaction.** All cash, about Rs 12,951 cr, for a target with FY26 revenue larger than Solar's own, including an agriculture business outside Solar's competence, across 23 countries, closing early to mid FY28 subject to approvals. Leverage, integration and South African execution are now equity risks, not footnotes.
- 3. **Cash conversion broke in FY26.** Operating cash flow of Rs 621 cr against PAT of Rs 1,737 cr, negative free cash flow of Rs 1,072 cr, cash conversion cycle of 152 days. If defence and export receivables keep stretching, growth consumes the balance sheet it is supposed to enrich.
- 4. **Safety is an existential licence risk.** On December 17, 2023, an explosion in a cast booster building at the Chakdoh plant near Nagpur killed nine workmen and injured three, and a magisterial inquiry followed under the Explosives Act. It was not the last: on September 4, 2025, a second explosion at the Nagpur complex killed one worker and injured eight (Reuters). Two fatal incidents in under two years is a pattern, not an accident of phrasing. In this industry, a serious incident can cost licences, not just compensation. It is the risk that cannot be diversified inside the company.
- 5. **Customer and policy concentration.** Domestic explosives ride Coal India and mining capex; defence rides Indian government ordering, acceptance timelines and export clearances. Both customers are sovereign-linked and pay on their own schedule, which is precisely what the receivables show.
- 6. **Raw material exposure.** Ammonium nitrate pricing drove the FY23 revenue spike and FY24 decline. Omnia's upstream capacity mitigates this only after completion, and only in part.
- 7. **Promoter concentration and thin float.** A 73.15% promoter holding leaves about 27% free float for a Rs 1.8 lakh cr market cap, amplifying moves in both directions, as September 15, 2026 showed.

10. MANAGEMENT AND GOVERNANCE

Solar is a promoter company in the full sense: Satyanarayan Nuwal built it from a trading desk, holds the chairmanship, and the family holds 73.15% with no change across the years Screener reports. Pledging is small but not zero: about 1.5% of the promoter holding was pledged at December 2025 (Trendlyne),

concentrated in Manish Nuwal's stake. Manish Nuwal, the founder's son, is Managing Director and CEO and fronted the Omnia announcement as the company's strategic voice, describing the deal in the company's stated ambition to build a global explosives and blasting platform.

Grading on the engine's test, did they do what they said: the defence pivot was announced when it looked impossible, and then delivered, licence by licence, product by product, from the 2015 ammunition licence to the first private grenade order to Pinaka integration and a Rs 21,350 cr order book. The FY27 revenue guide of about Rs 14,000 cr was set publicly and Q1 tracked ahead of the required run rate. Capital allocation up to 2025 was conservative to a fault: payout cut to 6%, leverage minimal, growth self-funded. The deductions are the two live ones. First, the safety record carries the December 2023 Chakdoh explosion, nine lives, which sits on management's ledger permanently in an industry where process safety is the licence to operate. Second, Omnia reverses a decade of balance-sheet conservatism in one signature: it may prove visionary, as the defence bet did, but it is a bet, sized at roughly twice net worth, on integration skill the company has not yet demonstrated at this scale. ICRA's September 2026 note on the company's A1+ commercial paper rating, flagging the proposed acquisition, is the rating-agency version of the same watch item.

11. COMPETITION

In Indian industrial explosives, Solar is the scale leader in a licensed field. Its domestic challengers are Premier Explosives (listed, also defence-exposed, far smaller), the explosives arms of GOCL (Gulf Oil Corporation) and Keltech Energies, and regional licensed makers. The contest is decided by licence holdings, magazine networks at mine sites and service reliability, and Solar's position has strengthened, not weakened, over the decade: domestic revenue grew 52% in Q1 FY27 alone.

Globally, the field is a different weight class. Orica (Australia) and the Enaex and Dyno Nobel franchises are the world leaders in mining explosives and blasting services, with technology depth in electronic initiation and digital blasting that Solar has been building toward and is now buying through BME. Omnia's BME is itself one of the credible challengers in African mining services. Post-Omnia, Solar competes with the global majors from a genuinely comparable platform for the first time, which is the deal's real strategic content, and its real execution test.

In Indian defence, Solar competes on two fronts. Against the public sector: Munitions India and the other defence PSUs hold incumbency, capacity and government preference on legacy ammunition. Against private peers: Premier Explosives in energetics, Bharat Forge and L and T Defence in larger systems, Solar's own listed defence peers such as HAL and BEL in adjacent categories, and a fast-growing set of drone and munitions startups. Solar's edge is that it is the only private player spanning the full energetics chain from raw high explosives to filled ammunition to complete rocket systems, qualified and in production. Its vulnerability is the same as every Indian defence supplier's: order timing, acceptance and payment are sovereign decisions.

12. VALUATION VS PEERS

At Rs 20,080 (October 16, 2026): P/E about 91 times trailing earnings (Screener 91.1x on TTM EPS of Rs 220.06), P/B about 29 times (book value Rs 694), dividend yield 0.05%, market cap about Rs 1,81,394 cr, and a price about 12% below the 52-week high of Rs 22,700 (range Rs 11,641 - 22,700). Mint, citing Bloomberg, puts the stock at about 85 times FY27 estimated EPS after Q1 FY27, with Antique having raised FY27 and FY28 EPS estimates by 11.4% and 8.1% on the Q1 beat.

There is no clean Indian peer. The honest comparisons are brackets, not matches. On one side, Indian defence earnings compounders with order-book visibility trade at high but lower multiples than 91 times trailing. On the other, Solar's own history: the stock has compounded at about 40% a year over ten years and 43% over the last year (Screener), powered roughly equally by earnings growth and re-rating, and the re-rating leg is now the larger part of the price. At 91 times trailing and 85 times forward, the market is paying today for FY29 earnings delivered on schedule, with Omnia integrated. The DalalBytes base case in Section 14 lands only modestly above the reference price for exactly that reason: when the multiple already capitalises the plan, the return available is the plan, minus anything that slips.

13. WHY THE SCORE IS 67, NOT HIGHER OR LOWER

The business quality alone grades in the low 80s: a licensed, qualified, high-return franchise with a Rs 21,350 cr order book, 28% operating margins, 38% ROCE and the widest private energetics span in India. Four deductions bring it to 67. Valuation is the largest: at about 91 times trailing earnings the base case to FY29 is a modest price gain, which caps any score in this framework. Second, the fortress is being spent: FY26 free cash flow was negative Rs 1,072 cr on a 152-day conversion cycle, and the Rs 12,951 cr all-cash Omnia deal will lever the balance sheet that made the story safe. Third, Omnia is an integration of a larger, partly non-core business across 23 countries, unproven at this scale. Fourth, the safety ledger: in an explosives company, the December 2023 blast that killed nine workers is a permanent deduction on the licence-to-operate pillar, not a news cycle. Below about Rs 14,000, roughly the bear-to-base midpoint zone where the multiple normalises toward forward earnings, the same business would grade Positive outright. At the 52-week high it graded as a price, not a business. At Rs 20,080, Selective Positive is the honest label.

14. FY2029 SCENARIOS (INR)

Built on FY26 PAT of Rs 1,737 cr and EPS of Rs 185.38, with about 9.05 cr shares. Omnia completes early to mid FY28 in the base and bull cases, so FY29 carries part-year to full-year contribution depending on the case. Exit multiples assume a defence and explosives franchise premium well below today's 91 times. Estimates are DalalBytes modelling, not company guidance.

Bear Rs 12,500: 15% PAT CAGR (defence orders slip on acceptance timelines, domestic mining grows at trend, Omnia closes late and dilutes returns while integration costs bite, working capital stays stretched), FY29 EPS about Rs 282, exit P/E about 44x as the market prices Solar as a strong but leveraged explosives company.

Base Rs 23,500: 28% PAT CAGR (the FY27 guide of about Rs 14,000 cr revenue is delivered, defence compounds toward the roughly 40% of revenue market commentary expects by FY30, Omnia completes on schedule and contributes without leverage stress, conversion cycle normalises toward 120 days), FY29 EPS about Rs 405, exit P/E about 58x, a large de-rating from today that still leaves a scarcity premium for India's only full-chain private defence energetics platform.

Bull Rs 33,000: 38% PAT CAGR (defence exports and Pinaka-class systems scale faster than guided, Omnia synergies in ammonium nitrate and African mining services land early, margins hold at 28% plus on the enlarged base), FY29 EPS about Rs 508, exit P/E about 65x as the market keeps paying a global-platform multiple for delivered global earnings.

The base case is about 17% above the reference price over the period to FY29, with a negligible dividend: a mid-single-digit annualised return for underwriting the sector's best execution story and its largest integration. That arithmetic, not the business, is what Selective Positive means here.

15. WHY IT MATTERS

Solar is the proof case for a proposition Indian policy asserted for two decades before it was true: that a private company, starting from a trading desk in Nagpur, could be allowed to build the energetics core of a modern military and then out-execute the state factories that used to own it. The grenade order, the BrahMos boosters, the Pinaka line and a Rs 21,350 cr order book are that proposition made physical, and the Padma Shri on the founder's chest is the state conceding the point. The next act tests the proposition at global scale. If Omnia integrates, Solar becomes the rare Indian industrial that bought its way into the world league in its own core competence. If it does not, the same deal will be taught as the moment a flawless compounder confused size with strategy. At 67/100 Selective Positive, the verdict is: own the execution record, price the integration honestly, and let the conversion cycle and the Omnia closing, not the defence headline, set the temperature.

SOURCES

- Screener.in consolidated company page for Solar Industries India, accessed October 16, 2026: FY22 to FY26 and TTM financials, quarterly series to Q1 FY27, balance sheet, cash flow and free cash flow, ratios and working capital days, shareholding to June 2026 (promoters 73.15%), market data (price Rs 20,080 on October 16, 2026, market cap Rs 1,81,394 cr, 52-week range Rs 11,641 - 22,700, P/E 91.1x, book value Rs 694, dividend yield 0.05%, ROE 32.6%, ROCE 38.1%)

- Q1 FY27 results coverage (DSIJ, Mint, Kotak Neo, August 13, 2026): consolidated revenue Rs 3,668 cr up 70%, EBITDA about Rs 1,024 cr, PAT Rs 666 cr up 89%, defence revenue Rs 933 cr up 123%, domestic explosives Rs 1,361 cr, international Rs 1,364 cr, order book Rs 21,350 cr, FY27 revenue guidance about Rs 14,000 cr

- Mint (Livemint) analysis, September 2026: FY26 revenue Rs 9,840 cr up about 30%, defence about 27% of revenue with an expected path to about 40% by FY30, domestic and international explosives at about 34%

and 39% of FY26 revenue, valuation at about 85x FY27 estimated EPS per Bloomberg, Antique estimate revisions

- Omnia acquisition: The Hindu BusinessLine, September 14 to 15, 2026 (definitive agreement via Solar SA Investments, ZAR 134.5 per share, about US$1.355 billion or Rs 12,951 cr, Omnia FY26 revenue about US$1.41 billion, 23 countries, 70 plus distribution centres, BME mining explosives, delisting from the JSE, share price fall of 13.64% to Rs 19,250 on September 15, 2026); DSIJ and SolarQuarter summaries (completion expected early to mid FY28, about 31% premium, ammonium nitrate integration rationale)

- Founding and defence history: YourStory SMBStory (founding 1995 in Nagpur, ICI consignment agency years, manufacturing from 1996); Forbes India (first ammunition licence 2015, first private multi-mode hand grenade order of about Rs 450 cr, BrahMos booster dispatch, Akash and Pinaka propellants); SSB Crack and press coverage of the Padma Shri conferment (2026)

- Safety record: Reuters via The Hindu BusinessLine, September 4, 2025 (second Nagpur explosion, one worker killed, eight injured); Trendlyne promoter pledging data, December 2025 (about 1.5% of promoter holding pledged); Nagastra-1R delivery coverage, October 14, 2026 (450 units, Rs 158 cr contract)

- Safety record (2023): company disclosure via EquityBulls, December 17, 2023 (explosion in the cast booster building at Chakdoh, Nagpur, nine workmen killed); District Magistrate Nagpur order under the Explosives Act, December 19, 2023 (magisterial inquiry), via the National Green Tribunal record

- Exchange announcements via Screener and BSE, September to October 2026: ICRA A1+ commercial paper rating note flagging the proposed Omnia acquisition (September 23, 2026); Sivasakthi Industrial Explosives acquisition by a subsidiary for Rs 115.02 cr (October 15, 2026); Solar Explochem Botswana incorporation (September 29, 2026)

- Market data cross-checks: Finnhub and Univest (October 15, 2026 close Rs 19,866, market cap about Rs 1,80,075 cr, P/E about 90x); StockAnalysis (October 15, 2026 market cap about Rs 1.80 lakh cr, one-year gain about 42%)

DalalBytes Research. Estimates labelled as such are DalalBytes modelling. Verified facts are drawn from the sources above as at October 16, 2026.