

Research Report

Solar Industries India Limited



Prepared By-

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About

Solar Industries is one of the largest domestic manufacturers of bulk and cartridge explosives, detonators, detonating cords and components which find applications in the mining, infrastructure and construction industries.

Company manufactures high-energy explosives, delivery systems, ammunition filling and pyros fuses for the defence sector.

Business Segments

- **Industrial Explosives-** The explosives manufactured by the company is used by a wide range of segments from the Mining Industry to the Housing and Real estate industry.
- **Defence-** Solar Industries is also the first private player to establish a facility to manufacture RDX, HMX and TNT.
- **Intiating Systems-** An initiation system is a combination of explosive devices and component accessories designed to convey a signal and initiate an explosive charge.

Synopsis of Financials

- **Achieved record quarterly EBITDA of ₹475 crores, a 27% year-on-year growth.**
- **Profit After Tax (PAT) reached ₹304 crores, marking a 45% year-on-year increase.**
- **Highest ever half-yearly EBITDA and PAT recorded at ₹949 crores and ₹604 crores, respectively, with PAT growth of 47%.**
- **EBITDA margin improved to 27.9% and PAT margin at 17.7%, reflecting operational efficiency.**

Stock data (as 13th January 2025)

Nifty Price	: 23,085.95
52 week High (in Rs.)	: 13,300
52 week Low (in Rs.)	: 6,275
Market Cap. (in Crore)	: 81,115
NSE Code	: <u>SOLARINDS</u>

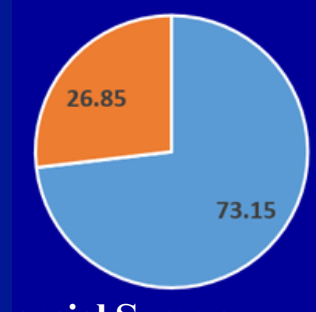
Stock data



-NIFTY50

-Solar Industries Limited

Shareholding Pattern (December 2024)



-PUBLIC GROUP

-PROMOTER GROUP

Financial Summary

Particulars	March 2022	March 2023	March 2024
Sales	3,948	6,918	6,070
Sales Growth %	56.92%	75.26%	-12.27%
Expenses	3,199	5,582	4,588
Operating Profit	748	1,336	1,482
OPM %	19%	19%	24%
Net Profit	455	811	875
EPS in Rs	48.77	83.68	92.38

Quarterly Results



Particular	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Sales	1,929	1,682	1,347	1,429	1,611	1,685	1,716
Expenses	1,571	1,359	1,012	1,074	1,257	1,235	1,271
Operating Profit	357	323	335	355	354	449	445
OPM %	19%	19%	25%	25%	22%	27%	26%
Other Income	11	8	8	11	20	26	36
Interest	31	25	25	28	32	27	30
Depreciation	35	34	34	39	37	40	44
Profit before tax	302	272	285	299	305	408	407
Tax %	27%	26%	27%	26%	21%	26%	25%
Net Profit	221	202	209	222	243	301	304

Source: Screener

Key Ratios

SL. No.	Key financial ratios	FY 2023-2024	FY 2022-2023
1	Debtors' Turnover	6.51	9.09
2	Inventory Turnover	15.29	18.75
3	Interest Coverage Ratio	12.50	14.42
4	Current Ratio	1.76	1.53
5	Net Debt Equity Ratio	0.19	0.35
6	Adjusted Operating Profit Margin (%)	20.20%	16.76%
7	Adjusted Net Profit Margin (%)	14.42%	11.72%
8	Return On Net Worth* (%)	25.29%	29.00%

Source: Annual Report

Yearly Results

Particulars	March 2022	March 2023	March2024
Equity Capital	18	18	18
Reserves	1,896	2,592	3,288
Borrowings	888	1,195	1,138
Other Liabilities	827	1,104	1,134
Total Liabilities	3,629	4,909	5,577
Fixed Assets	1,493	1,702	2,028
CWIP	230	282	490
Investments	18	99	370
Other Assets	1,888	2,826	2,690
Total Assets	3,629	4,909	5,577

Highlights



Q2FY25 vs Q2FY24

		Rs. In Cr			
		Sales	EBIDTA	PBT	PAT
Q2 vs 24	25	1716	475	407	304
	24	1347	344	285	209
		↑ 27%	↑ 38%	↑ 43%	↑ 45%

HYFY25 vs HYFY24

		Rs. In Cr			
		Sales	EBITDA	PBT	PAT
HY vs 24	25	3401	949	815	604
	24	3030	675	557	411
		↑ 12%	↑ 41%	↑ 46%	↑ 47%

Q2FY25 vs Q2FY24

EXPLOSIVES

		Quantity(MT)	Rate (in Rs)	Value (Cr)
Q2 vs 24	25	106057	50379	534
	24	99410	51245	509
		↑ 7%	↓ (2%)	↑ 5%

HYFY25 vs HYFY24

EXPLOSIVES

		Quantity(MT)	Rate (in Rs)	Value (Cr)
HY vs 24	25	256396	51231	1314
	24	228772	55404	1267
		↑ 12%	↓ (8%)	↑ 4%

Final Outlook

SOLARINDS: BUY | LTP: 8,964

Solar Industries India Limited demonstrates strong fundamentals, including consistent profitability, robust margins, low debt, and efficient operations. The company's long-term growth potential is supported by strategic investments and expansion in the defense and mining sectors. However, premium valuations suggest that the stock is priced for perfection, leaving little room for errors in execution or adverse market conditions.

FY24 revenues decreased by 12.1% year-over-year to ₹61,140 million.

However, a strong 5-year CAGR of 28% indicates long-term growth driven by market expansion and demand for industrial explosives.

Interpretation: The short-term dip could be due to macroeconomic factors or sector-specific challenges, but the long-term growth trajectory remains robust.

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