Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

Solar Industries (SOIL)

Current Market Price	Fair Value (FV)
Rs.17,971	Rs.10,300

Date: 9 July 2026

Previous Rating: - NA **Current Rating: SELL** **Change: Initiating Coverage**

Ratings Rationale

- Solar Industries is India's largest private sector manufacturer of industrial explosives and one of the fastest-growing defense players.
- Solar has diversified portfolio spanning high-energy materials, Pinaka rockets, loitering munitions and ammunition..
- Solar's defense business has reached a structural-inflection, with revenues surging ~20X from ~Rs130cr (FY21) to ~Rs2600 cr (FY26).
- Cyclicality, government dependence and technology execution are key risks.
- Working capital will remain elevated at ~85 days as share of defense increases.
- Business model is pivoting from a capital-light explosives base (asset turns ~4-5x) toward more capital-intensive overseas explosives and defense manufacturing.
- We initiate with a SELL rating and a DCF-based FV of Rs10,300

(CAGR: Compound Annual Growth Rate, EBITDA: EBITDA: Earnings Before Interest, Tax, Depreciation & Amortization, DCF: Discounted Cash Flows, PAT: Profit After Tax, P/E Price to Earnings, UAV: Unmanned Aerial Vehicle)

Valuation

Current valuations of ~55X FY28E P/E leave limited margin of safety.

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
RS	–	**Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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