November 28, 2025

Solar Industries India Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper	250.00	250.00	[ICRA]A1+; reaffirmed
Total	**250.00**	**250.00**	

**Instrument details are provided in Annexure-I*

Rationale

While arriving at the rating for the commercial paper programme of Solar Industries India Limited (SIIL/the company), ICRA has taken a consolidated view of SIIL and its wholly-owned subsidiary, Solar Defence and Aerospace Limited (SDAL, rated [ICRA]A1+) together known as the Solar Group/the Group. The rating factors in the strong market position of SIIL in the commercial explosives segment and its growing presence in the defence sector. The company is a major supplier of commercial explosives to companies like Coal India Limited and its subsidiaries, Singareni Collieries company Limited (SCCL) and other consumers of commercial explosives. The company is also a major exporter of commercial explosives.

SIIL has also enhanced its position in the supply of defence products, both in the domestic as well as the international markets. The GoI's focus on reducing import dependence for defence products and increasing indigenous procurement has supported a ramp-up of SIL's defence supplies. At present, the Solar Group has a defence order book of Rs. 16,000 crore, including a Rs. 6,084-crore order for the supply of Pinaka rockets. The company is also expanding its footprint in defence exports with a sizeable orderbook to be executed over the next few years. The strong orderbook position provides revenue visibility for the near to medium term.

The company has a healthy operational profile with a strong manufacturing footprint in India and backward integration to manufacture emulsifiers, detonators shells, PETN, TNT and RDX. This has improved the operating margins over the years. The company has also set up bulk explosive manufacturing near the mining regions. In the defence segment, SIIL has been developing products jointly with various government bodies and the product development continues and is expected to result in incremental orders.

SIIL has established relations with reputable clients in the mining and infrastructure industries which ensure repeat orders. Additionally, in the last few years, the company has been manufacturing and supplying products to the defence sector under a technology agreement with the Ministry of Defence, GoI, and has also developed products to meet the indigenisation requirements in defence supplies.

The rating favourably factors in SIIL's healthy revenue growth with a CAGR of ~30% over the course of FY2021 to FY2025 and expectations of a similar growth in FY2026 as well, driven by a strong defence order book and visibility on the offtake by CIL and SCCL. The company's operating profit margin (OPM) improved to around 24-26% in FY2024 and FY2025, supported by moderate ammonium nitrate prices and the rising share of defence and export orders/international revenues which have higher margins. ICRA expects the margins to remain healthy in the range of 22-25%, going forward.

The credit profile remains robust with the total debt/OPBDITA being at around 0.5x in FY2025 and 0.4x in H1 FY2026. The interest coverage ratio continues to be robust at around 17.2x in FY2025 and 18.6x in H1 FY2026. Notwithstanding the sizeable capex outgo and growing working capital requirements, the expanding operating profits and cash accruals would continue to support healthy debt coverage metrics .

The rating, however, remains constrained by the vulnerability of SIIL's margins to any fluctuation in the prices of its key raw material i.e. AN. ICRA notes that the company has a price escalation clause in several agreements with its key clients that protects a material variability in margins to an extent even as the pass-through may be with a lag.

SIIL's profitability remains vulnerable to the volatility in foreign currency exchange rates, given the sizeable revenue contribution from exports and the overseas sector. However, a partial natural hedge from exports, USD billing in select markets and borrowings in local currency for the overseas subsidiaries provide some cushion to the company's profitability metrics against the extreme fluctuations in foreign currency exchange rates. ICRA also notes the highly regulated nature of the explosive manufacturing industry with the need for licensing of various products. The company's operations, therefore, remain vulnerable to any changes in the regulatory framework.

Key rating drivers and their description

Credit strengths

Strong market position in explosives and defence products – The Group has been operational in the field of manufacturing explosives for over 25 years with SIIL being the flagship company of the Solar Group. SIIL is a leading player in the industrial explosives sector with the major clients being CIL and SCCL with a combined orderbook of more than Rs. 1,700 crore and other major players in housing and infrastructure. The Solar Group is also a major player in the domestic defence manufacturing industry. The company has major commercial orders in the form of Pinaka Multi-Barrel Rocket Launcher System **(**MLRS), Nagastra-I (loitering munition), 155 MM artillery shells etc. Other Unmanned Aerial Vehicle (UAV) and anti-drone loitering systems such as Rudrastra and Bhargavstra respectively are in various stages of trial and are expected to be scaled up in the next 2-3 years for commercial production. The revenue from the defence sector has increased to 18% of the consolidated revenue in FY2025 vis-a-vis 9% in FY2024. In H1 FY2026, the defence sector contributed ~22% to the total revenue. With a robust orderbook of ~Rs. 17,100 crores from the defence sector, the segment's contribution will increase going forward.

Strong operational profile with healthy backward integration – SIIL has a diversified operational profile with presence across the mining, housing & infrastructure and defence sectors. It has a strong client profile comprising CIL, SCCL, the Indian Navy and the Indian Army. The company's healthy track record in product development in the defence segment in association with key government organisations is expected to support the ramp up in the scale of the defence segment. The company has a healthy operational profile with a strong manufacturing footprint in India and backward integration to manufacture emulsifiers, detonators shells, PETN, TNT and RDX. This has improved the operating margins over the years. It also has a state-of-the-art 2000-acre facility in Nagpur which encompasses a loitering munition test range and a dedicated runway for testing medium altitude long endurance (MALE) and high-altitude long endurance (HALE) unmanned aerial vehicles (UAVs).

Healthy financial risk profile – SIIL's revenue growth has been healthy with a CAGR of 30% over the period FY2021 to FY2025 and driven by the robust order book position, similar growth is expected in FY2026 as well. With the share of defence segment expected to rise going forward in the revenue mix the operating margins are expected to remain in the range of 22-25% on an ongoing basis. The company has been generating healthy cash flow from operations over the last few years which has supported the company's capex programs with limited reliance on debt. As a result, the credit profile remains robust with the total debt/OPBDITA being at around 0.5x in FY2025 and 0.4x in H1 FY2026. The interest coverage ratio continues to be robust at around 17.2x in FY2025 and 18.6x in H1 FY2026. Notwithstanding the sizeable capex outgo and growing working capital requirements, the expanding operating profits and cash accruals would continue to support healthy debt coverage metrics.

Credit challenges

Vulnerability of profits to raw material price and forex fluctuations – The key raw material required by SIIL in manufacturing explosives is ammonium nitrate (AN), the prices of which are volatile. As the raw material procurement is not entirely order-backed, the company's margins remain vulnerable to any adverse fluctuation in commodity prices. SIIL, however, enters into contracts having price escalation clauses with its key customers and for products with multi-year deliverables, which mitigate the risk to an extent and allows it to pass on the price increase, though with a lag. Further, the company remains exposed to the volatility in foreign currency fluctuations. The natural hedge through growing exports and invoicing in US dollars in select markets mitigates the forex risk to an extent. The company has started availing loans in local currency for overseas subsidiaries; however, for new subsidiaries, it mostly depends on US dollar-denominated borrowing from its Mauritius subsidiary. Therefore, some forex risk will persist.

Exposure to regulatory risks – SIIL operates in an intensely regulated explosive and defence manufacturing industry with high entry barriers both in term of technology and operational prerequisites. Its operations, therefore, remain vulnerable to any changes in the regulatory framework impacting the industry.

Environmental and Social Risks

Environmental risk - The industry is exposed to the risk of tightening regulatory norms for production, water management, waste and hazardous material management, given the safety and environmental health-related concerns associated with explosives. Additionally, some products can face restrictions/substitution over time because of their hazardous nature. Further, litigation risks could be high in the event of accidents. While the company has a demonstrated track record of running its operations safely, the nature of the risk weighs on its rating.

Social risk - Companies like SIIL need to operate responsibly as it is an imperative and instances of non-compliance with environmental, health and safety norms could have an adverse impact on the local community which could manifest in the form of protests, constraining the ability to operate or expand the capacity. The company hasn't experienced/reported any incident suggestive of safety lapses in its manufacturing facilities over the past several years and its ability to maintain the manufacturing controls would be a monitorable factor.

Liquidity position: Adequate

SIIL's consolidated liquidity position shall remain adequate, going forward, supported by net cash accruals of Rs. 1,200-1,500 crore, cash and cash equivalent of Rs. 423.6 crore as on September 30, 2025, and a healthy cushion in the working capital facilities. The net cash accruals should remain adequate to meet the sizeable debt servicing requirements, going forward, and to fund the capex programme for FY2026.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – The rating may be downgraded if there is a significant decline in revenue or profitability, or if the company undertakes a materially large debt-funded capex impacting its credit profile. Any adverse regulatory measure(s) that weaken(s) the credit profile could also put pressure on the rating.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has taken a consolidated view of SIIL and SDAL. ICRA has considered the consolidated financials of SIIL; the company has 8 wholly-owned subsidiaries, 28 step-down subsidiaries, 3 associate companies and 3 JVs, the details of which are provided in Annexure II

About the company

Solar Industries India Limited (SIIL) is the flagship company of the Solar Group, which is promoted and headed by Mr. Satyanarayan Nuwal. The company started with the trading of explosives in 1983 and ventured into explosive manufacturing in 1996. SIIL, along with its subsidiaries, manufactures bulk explosives, packaged explosives and initiating systems, which find application in the mining, infrastructure and construction industries. The Group forayed into the defence sector in 2010 and diversified into the manufacturing of propellants for missiles and rockets, warheads and warhead explosives. At present, there are 32 manufacturing plants across nine states in India, in addition to seven overseas units in Zambia, Ghana, Nigeria, Turkey, South Africa, Tanzania and Indonesia. The company has also established a centre of excellence for the life assessment of explosives and ammunition. The Group's head office is in Nagpur (Maharashtra).

Key financial indicators (audited)

SIIL (Consolidated)	FY2024	FY2025	H1FY2026*
Operating income	6070.8	7541.0	4236.7
PAT	874.9	1282.4	715.0
OPBDIT/OI	24.4%	26.6%	25.7%
PAT/OI	14.4%	17.0%	16.9%
Total outside liabilities/Tangible net worth (times)	0.6	0.8	0.7
Total debt/OPBDIT (times)	0.8	0.5	0.4
Interest coverage (times)	13.6	17.2	18.6

*Source: Company, ICRA Research; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore; * Limited Review*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Nov 28, 2025	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	250	[ICRA]A1+	Feb 17, 2025 Nov 28, 2024	[ICRA]A1+	Dec 26, 2023 Nov 28, 2023	[ICRA]A1+	28-Nov-22	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper programme	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
Unplaced	**Commercial paper**	-	-	-	200.0	[ICRA]A1+
INE343H14204	**Commercial paper**	Nov 11, 2025	6.26%	Feb 09, 2026	50.0	[ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Subsidiaries		
Solar Defence and Aerospace Limited (Formerly known as Economic Explosives Limited) [5]	100.00%	Full consolidation
Emul Tek Private Limited	100.00%	Full consolidation
Solar Defence Limited[1]	100.00%	Full consolidation
Solar Defence Systems Limited[1]	100.00%	Full consolidation
Solar Avionics Limited[1]	100.00%	Full consolidation
Solar Explochem Limited[1+4]	100.00%	Full consolidation
Solar Aerospace Limited[1+4]	100.00%	Full consolidation
Solar Overseas Mauritius Limited	100.00%	Full consolidation
Solar Mining Services Pty Limited, South Africa	96.42%	Full consolidation
Solar Nigachem Limited (Formerly known as Nigachem Nigeria Limited)	55.00%	Full consolidation
Solar Overseas Netherlands B.V.	100.00%	Full consolidation
Solar Explochem Zambia Limited	65.00%	Full consolidation
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi	100.00%	Full consolidation
P.T. Solar Mining Services	100.00%	Full consolidation
PATSAN Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi[2]	53.00%	Full consolidation
Solar Nitro Ghana Limited	90.00%	Full consolidation
Solar Madencilik Hizmetleri A.S	100.00%	Full consolidation
Solar Overseas Netherlands Cooperative U.A	100.00%	Full consolidation
Solar Overseas Singapore Pte Ltd	100.00%	Full consolidation
Solar Industries Africa Limited	100.00%	Full consolidation
Solar Nitro Zimbabwe (Private) Limited[1]	100.00%	Full consolidation
Solar Nitro chemicals Limited	65.00%	Full consolidation
Solar Mining Services Pty Ltd, Australia	100.00%	Full consolidation
Solar Mining Services Cote d'Ivoire Limited SARL[1]	100.00%	Full consolidation
Solar Venture Company Limited	75.00%	Full consolidation
Solar Mining Services Burkina Faso SARL[1]	100.00%	Full consolidation
Solar Mining Services Albania	100.00%	Full consolidation
Solar Nitro SARL[1]	85.00%	Full consolidation
Solar Nitro Kazakhstan Limited	88.33%	Full consolidation
Solar Nitro (SL) Limited[1]	100.00%	Full consolidation

Company name	Ownership	Consolidation approach
Power Blast LLP	88.33%	Full consolidation
Powerblast BS (Pty) Ltd[6]	64.93%	Full consolidation
Procapture (Pty) Ltd[6]	60.00%	Full consolidation
Maxigear (Pty) Ltd[6]	60.00%	Full consolidation
Frag Shared Services (Pty) Ltd[6]	60.00%	Full consolidation
Problast BBBEE Investment Co (Pty) Ltd[6]	43.00%	Equity method
Rajasthan Explosives and Chemicals Limited[3]	-	-
Associates		
Zmotion Autonomous Private Limited[5]	45.99%	Equity method
Solar United Company Limited[1]	49.00%	Equity method
Ortiz Investment (Pty) Limited[8]	49.00%	Equity method
Entities with joint control or significant influence over the entity		
ASTRA Resources Pty Limited	49.00%	Equity method
Joint operation with P.T. Pindad	49.00%	Equity method
Joint operation with P V Explosives[7]	50.00%	Equity method

Source: Annual Report FY2025

Note 1: The entity has not commenced its business operations

Note 2: The entity is under liquidation.

Note 3: Emul Tek Private Limited obtained control of Rajasthan Explosives and Chemicals Limited with effect from December 16, 2023. Rajasthan Explosives and Chemicals Limited subsequently got merged with Emul Tek Private Limited, as per NCLT order with effect from October 17, 2024

Note 4: The entity was incorporated on June 10, 2024

Note 5: The name of the company has been changed with effect from February 17, 2025, formerly known as Economic Explosives Limited

Note 6: The entity was acquired w.e.f. July 1, 2024

Note 7: Joint operation effective from October 1, 2024.

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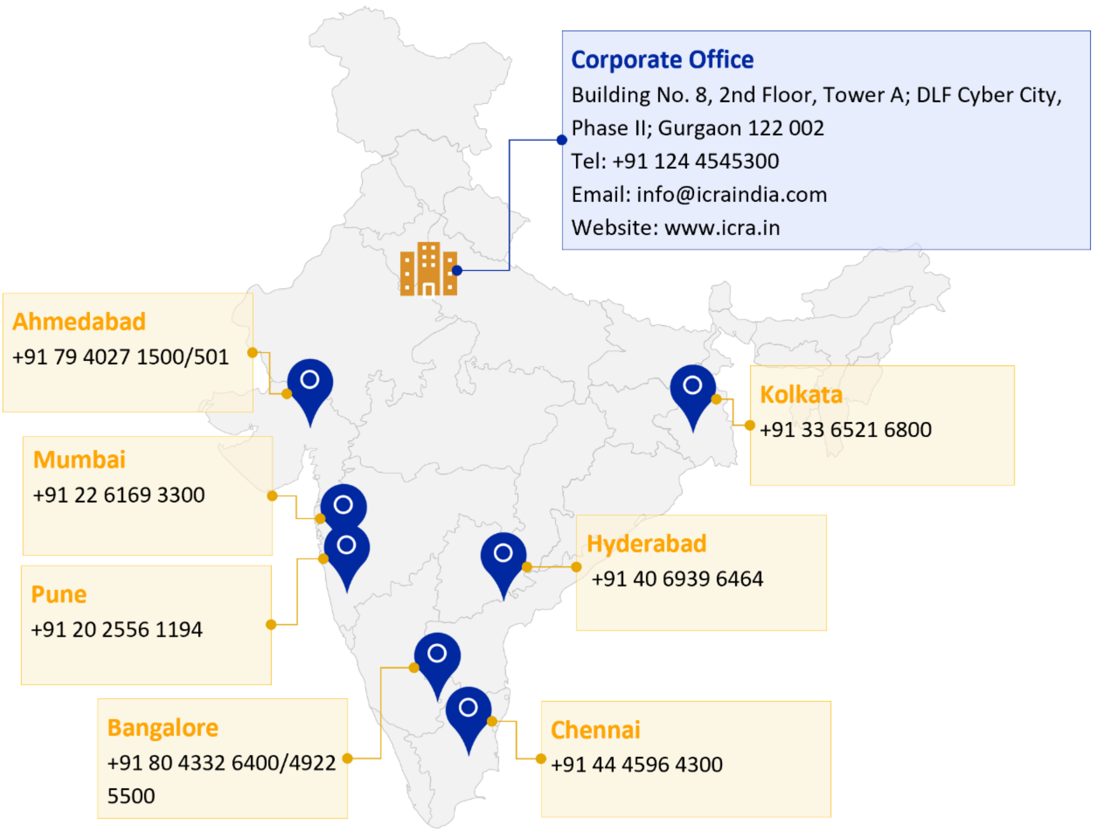

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