September 04, 2026

Solar Industries India Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Commercial paper	500.00	500.00	[ICRA]A1+ ; reaffirmed	RBI
Total	**500.00**	**500.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of financial sector regulators other than SEBI.

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+). SIIL, along with this subsidiaries, associates and JVs, is being referred to as the Solar Group/the Group.

The rating factors in the strong market position of the Solar Group in the commercial explosives segment and its growing presence in the defence sector. The Group is a major supplier of commercial explosives to Coal India Limited and its subsidiaries, Singareni Collieries Company Limited (SCCL) and other housing and infrastructure companies. It is also a major exporter of commercial explosives. In the defence sector, the Group has strengthened its position through the supply of ammunition, explosives and other products in the domestic as well as international markets. Further, the Government of India's (GoI) focus on reducing import dependence for defence products and increasing indigenous procurement has supported a ramp-up of the defence supplies of the Solar Group.

The Solar Group has a defence order book of more than Rs. 21,000 crore as on March 31, 2026, including a Rs. 6,084-crore order for the supply of Pinaka rockets. The Group 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 Group has a strong operational profile with an extensive manufacturing footprint across India and backward integration to manufacture emulsifiers, detonators shells, PETN (pentaerythritol tetranitrate), TNT (trinitrotoluene) and RDX (research department explosive). This has helped improve the operating margins over the years. The Group has also set up bulk explosive manufacturing facilities in the vicinity of mining regions for efficient logistics and timely supply of orders. In the defence segment, the Group has been developing products jointly with various government bodies. The ongoing development of new products is expected to strengthen its portfolio and support incremental orders.

The rating favourably factors in a healthy revenue growth of 30% in FY2026 at Rs. 9,837.7 crore and the growth momentum is expected to sustain in FY2027, 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 ~26% in FY2025 and FY2026, supported by 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 is robust with the total debt/OPBDITA remaining around 0.6x in FY2026 and 0.8x in FY2025. The interest coverage ratio remains comfortable at around 19.6x in FY2026 and 17.2x in FY2025. 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 consolidated margins to any fluctuation in the prices of its key raw material i.e. ammonium nitrate. ICRA notes that the company has a price escalation clause in its agreements with its key clients that protects the margins against input cost volatility 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 overseas subsidiaries provide some cushion to the company's profitability metrics against the 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.

The rating also takes note of the ongoing legal proceedings regarding the vacation of office by Mr. Kailash Chandra Nuwal as the executive director of the company. The matter remains pending before the National Company Law Tribunal (NCLT) after the Supreme Court disposed of the civil appeal filed by SIIL, noting that the term of the director had already expired. While the management doesn't anticipate any material impact on the business operations of SIIL on account of the ongoing proceedings under the NCLT, the outcome of the matter would remain a key rating monitorable.

Key rating drivers and their description

Credit strengths

Strong market position in commercial explosives and defence products - The Solar Group has been 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 its major clients being CIL and SCCL. The order book from CIL and SCCL stood at Rs. 3,500 crore as on March 31, 2026, apart from regular orders from other major players in the housing and infrastructure sectors. The Solar Group is also a major player in the domestic defence manufacturing industry. The group has major commercial orders for Pinaka Multi-Barrel Rocket Launcher System (MLRS), Nagastra-I (loitering munition) and 155-mm artillery shells. In addition, several indigenously developed platforms, including the Rudrastra unmanned aerial vehicles (UAV) and the Bhargavastra anti-drone systems are in various stages of trials and are expected to be scaled up over the medium term for commercial production. The revenue from the defence sector increased to ~27% of the consolidated revenue in FY2026, compared with 18% in FY2025 and 9% in FY2024. Given a robust defence order book of Rs. 17,794 crore as on March 31, 2026, the segment's contribution is expected to 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 developing defence products jointly with key government organisations is expected to support a ramp-up in the scale of the defence segment. The company has a healthy operational profile with a strong manufacturing footprint across 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 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.

Healthy financial risk profile – SIIL's revenue growth has been healthy, with a CAGR of 31% during the FY2021 to FY2026 period. The revenue increased by 30% in FY2026 to Rs. 9,838 crore, driven by a robust defence order book and ramp-up in international operations. The growing share of the defence segment in the revenue mix is expected to keep the operating margins 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 its capex programmes with limited reliance on debt. As a result, the credit profile remains robust, with the total debt/OPBDITA at around 0.6x in FY2026 compared with 0.5x in FY2025. The interest coverage ratio continues to be robust at around 19.6x in FY2026, compared with 17.2x in FY2025. 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 to manufacture 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.

Environment 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

The Group's liquidity position shall remain adequate, going forward, supported by net cash accruals of Rs. 1,900 crore, cash and cash equivalent of ~Rs. 584 crore as on March 31, 2026, and a healthy cushion in the working capital facilities. The net cash accruals should remain adequate to meet the debt repayments and the funding required for the capex programme in FY2027.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – The rating may be downgraded if there is a sustained material decline in revenues or profitability, or if the company undertakes a materially large debt-funded capex impacting the credit profile of the company. 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	Chemicals Corporate Credit Rating Methodology
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; as on March 31, 2026, the company had 8 direct wholly-owned subsidiaries, 28 step-down subsidiaries, 3 associate companies and 2 joint ventures, 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, promoted and headed by Mr. Satyanarayan Nuwal. The company started with the trading of explosives in 1983 and ventured into explosives 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, the Group has over 40 manufacturing locations across domestic and international markets, with new facilities in Zimbabwe and Kazakhstan, along with expansion in Nigeria. 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)

Solar Industries India Limited (Consolidated)	FY2025	FY2026	Q1 FY2027*
Operating income	7541	9837.7	3668.2
PAT	1282.4	1736.4	657.6
OPBDITA/OI	26.6%	26.7%	27.7%
PAT/OI	17.0%	17.7%	17.9%
Total outside liabilities/tangible net worth (times)	0.8	0.6	-
Total debt/OPBDITA (times)	0.5	0.6	-
Interest coverage (times)	17.2	19.6	-

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore
*PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; *Results*

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs.	September 04, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short-Term	500.00	[ICRA]A1+	November 28, 2025	[ICRA]A1+	November 28, 2024	[ICRA]A1+	November 28, 2023	[ICRA]A1+
				February 02, 2026	[ICRA]A1+	February 17, 2025	[ICRA]A1+	December 26, 2023	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	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 / sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
Yet to be placed	Commercial Paper	NA	NA	NA	500.00	[ICRA]A1+	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Subsidiaries		
Solar Defence and Aerospace Limited, formerly Economic Explosives Limited[4]	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	100.00%	Full consolidation
Solar Aerospace Limited[1,3]	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 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 Sirketi2	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 Limited	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 Limited, Australia	100.00%	Full consolidation

Company name	Ownership	Consolidation approach
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	88.66%	Full consolidation
Solar Nitro (SL) Limited[1]	100.00%	Full consolidation
Power Blast LLP	88.66%	Full consolidation
Problast BS (Pty) Ltd[5]	73.99%	Full consolidation
Procapture (Pty) Ltd[5]	100.00%	Full consolidation
Maxigear (Pty) Ltd[5]	100.00%	Full consolidation
Frag Shared Services (Pty) Ltd[5]	100.00%	Full consolidation
Problast BBBEE Investment Co. (Pty) Ltd[5]	49.00%	Full consolidation
Associates		
ZMotion Autonomous Private Limited	45.99%	Equity method
Solar United Company Limited[1]	49.00%	Equity method
Ortiz Investment (Pty) Limited	49.00%	Equity method
Entities with joint control or significant influence		
Joint operation with P.T. Pindad, Indonesia	49.00%	Equity method
Joint operation with P V Explosives, Thailand[6]	Nil	-

Source: Annual Report FY2026

1. *The entity had not commenced its business operations as on March 31, 2026.*
2. *The entity was under liquidation as on March 31, 2026.*
3. *Solar Aerospace Limited was incorporated on June 10, 2024.*
4. *The name of Economic Explosives Limited was changed to Solar Defence and Aerospace Limited with effect from February 17, 2025.*
5. *These entities were acquired with effect from July 1, 2024*
6. *The joint operation with P V Explosives ceased to be a joint operation from April 1, 2025.*

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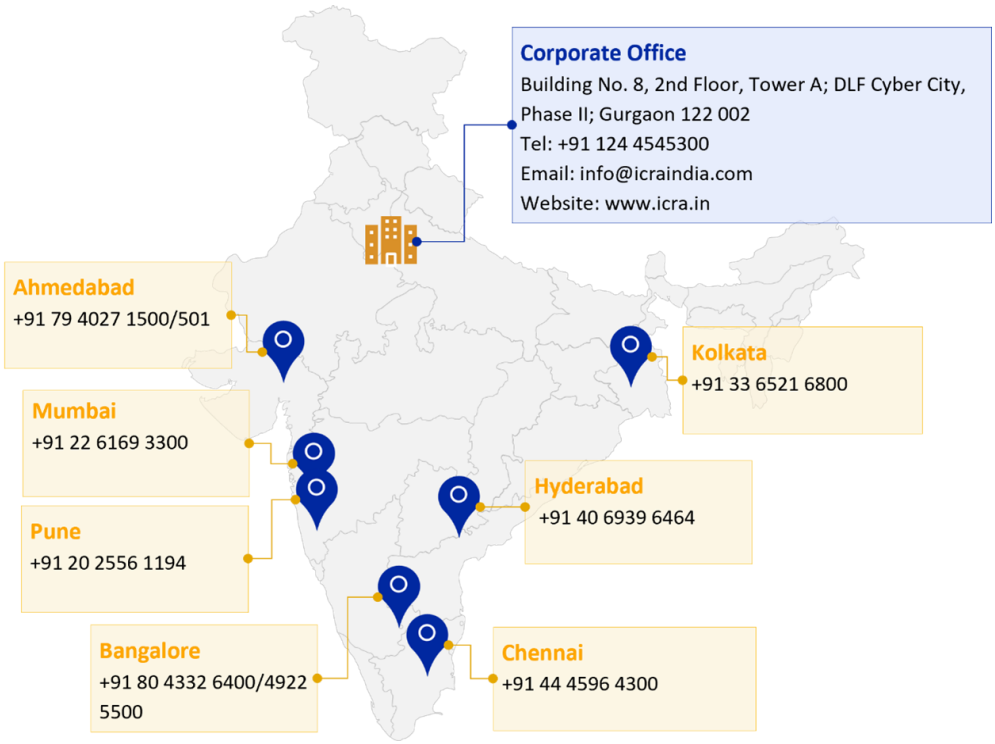

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